

Health Care in Massachusetts: Key Indicators

November 2008

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Commonwealth of Massachusetts
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About this Report

Health Care in Massachusetts: Key Indicators is a quarterly report from the Division of Health Care Finance and Policy. *Key Indicators* provides an overview of the Massachusetts health care landscape through data reported by providers, health plans, government, and surveys of Massachusetts residents and employers. The Division received positive feedback from readers of prior editions of this report and has incorporated suggestions for improvement where possible. We continue to strive to make this report as useful as possible and welcome your feedback.

In this edition of *Health Care in Massachusetts: Key Indicators*, the Division found that since the implementation of health reform over 442,000 additional people have obtained health insurance. Nearly half of that growth (187,000) has been in private group coverage (i.e., through employers) or individual purchase. In the first six months of the Health Safety Net, volume in hospitals and community health centers decreased by 36% compared to the same period in the prior year. Payments decreased by 38% over the same period. This edition also includes updates of the following: cost trends in health insurance premiums compared to the Commonwealth Health Insurance Connector Authority's affordability schedule for 2008, health plan financial performance, hospital financial performance, and other indicators of health care in Massachusetts. New to this edition is detailed information on individual health plan financial performance for 2007. New data are currently unavailable for the employer survey, community health center financial performance, and the access to care charts; these pages are carried over from the previous edition.

The Division would like to thank Nancy Turnbull of the Harvard School of Public Health for her strategic and analytic support in the conception and development of this report, and staff at the Department of Public Health, including Monica Valdes Lupi, Bruce B. Cohen, Gerald O'Keefe, and Zi Zhang (formerly of DPH) for their significant contributions to the health care access section. We also thank Robin Callahan and Ben Walker from the Office of Medicaid, Bob Carey and Kaitlyn Kenney at the Commonwealth Health Insurance Connector Authority, Randy Garten from the Executive Office of Elder Affairs, Nancy Schwartz at the Division of Insurance, and Catherine Moore at the Group Insurance Commission for their support and review of the data. Finally, we thank the staff at the health plans for their timely responses to our requests for enrollment data.

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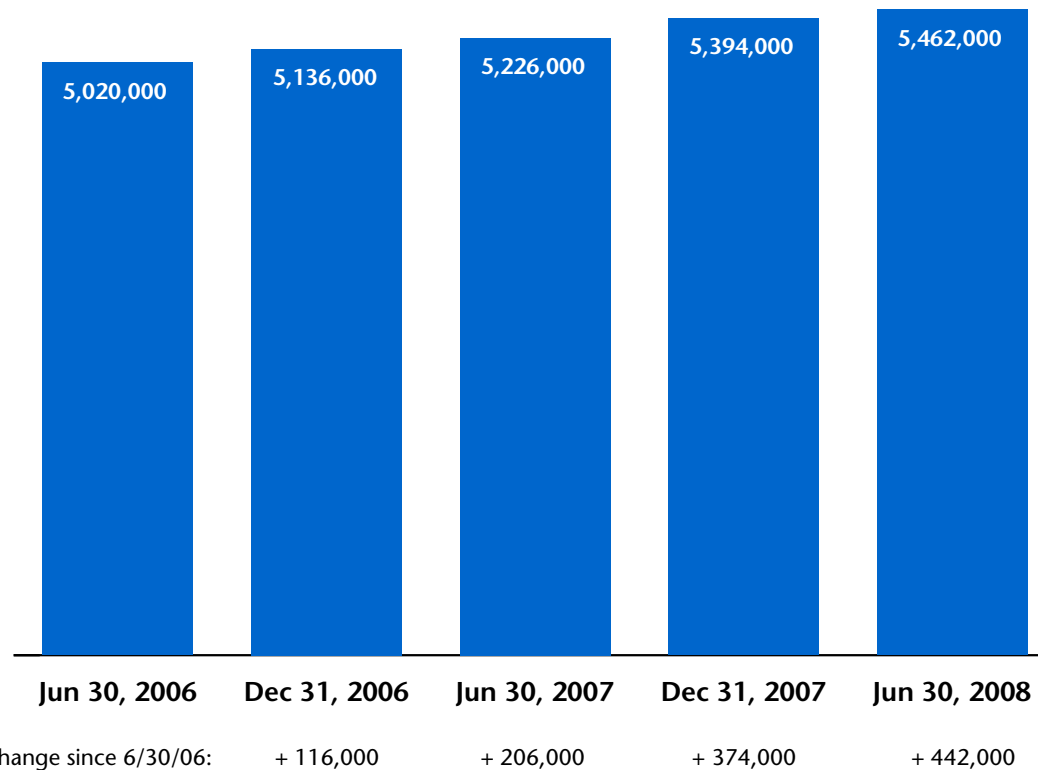
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People with Health Insurance

Excludes Medicare Enrollees



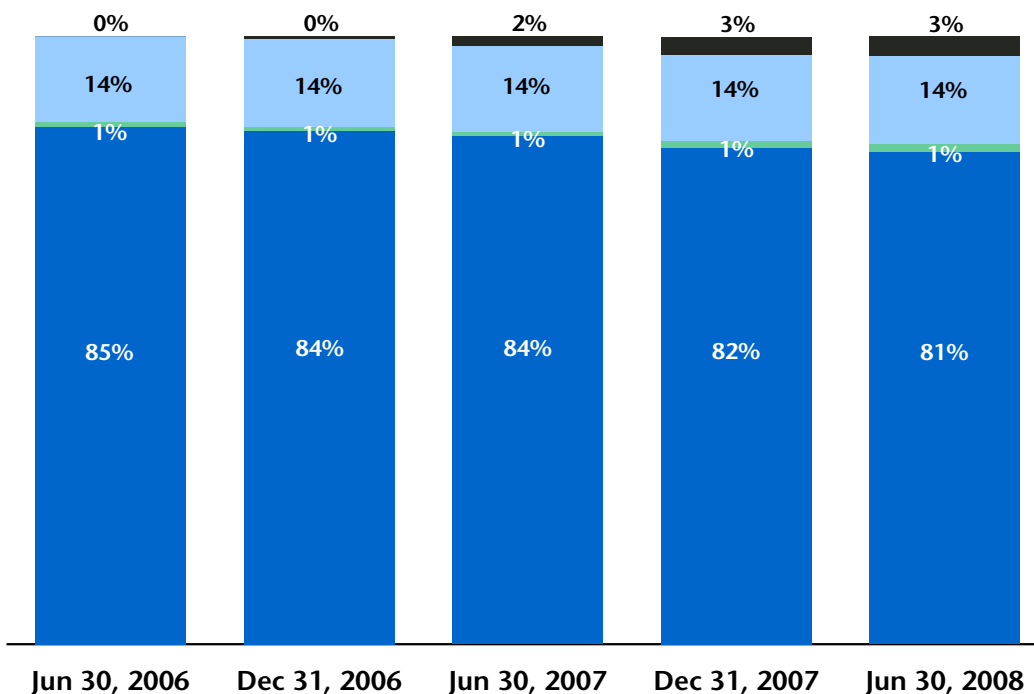
Notes: Data reflect total enrollment, rounded to the nearest thousand, as of the specified date. Totals include all Massachusetts residents enrolled in the following health plans: Aetna Health Inc. (a Pennsylvania Corporation), Aetna Life Insurance Company, Blue Cross Blue Shield (BCBSMA, HMO Blue and Massachusetts residents insured through other Blue Cross Association plans), Boston Medical Center HealthNet Plan, CIGNA, ConnectiCare, Fallon Community Health Plan, Group Insurance Commission (GIC), Harvard Pilgrim Health Care (HPHC) including subsidiary Health Plans, Inc., Health Markets (MEGA Life and Health Insurance Company, Mid-West National Life Insurance Company of Tennessee, and the Chesapeake Life Insurance Company), Health New England, MassHealth, Neighborhood Health Plan, Network Health, Tufts Health Plan, and United Health Care. GIC may include a small number of enrollees who are not Massachusetts residents. Data exclude the following insured Massachusetts residents: federal employees not insured through a commercial carrier, active duty military personnel and their families who receive services through Champus/Tricare only, and inmates of the Department of Correction.

Sources: Membership reported to DHCFP by health plans, MassHealth, and the Group Insurance Commission; Commonwealth Care enrollment data from the Commonwealth Health Insurance Connector Authority.

The number of people enrolled in private or subsidized health insurance plans has increased by 442,000 since health care reform was implemented.

Insured Population by Type of Insurance Excludes Medicare Enrollees

■ Private Group ■ Individual Purchase ■ MassHealth ■ Commonwealth Care



Number of Members (rounded to the nearest 1,000):						Change Since 6/30/06:
Private Group	4,274,000	4,338,000	4,378,000	4,406,000	4,421,000	+ 147,000
Individual Purchase	40,000	39,000	36,000	65,000	80,000	+ 40,000
MassHealth	705,000	741,000	732,000	765,000	785,000	+ 80,000
Commonwealth Care	0	18,000	80,000	158,000	176,000	+ 176,000
Total Members	5,020,000	5,136,000	5,226,000	5,394,000	5,462,000	+ 442,000

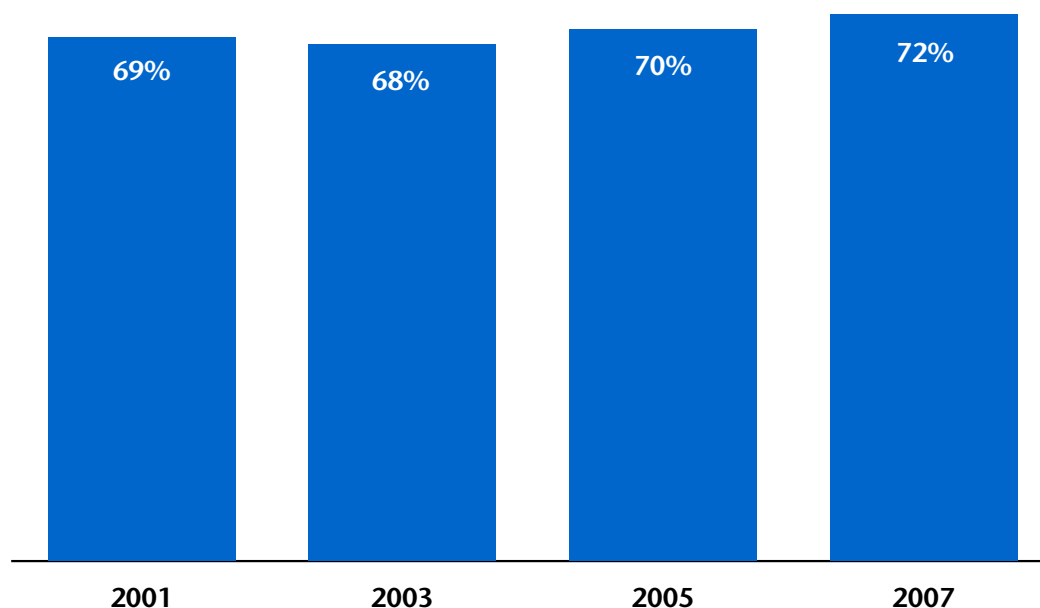
Note: Private group includes large group, small group, and self-insured. Individual purchase includes Commonwealth Choice and residual non-group market. Since 6/30/06 the MassHealth caseload grew approximately by an additional 41,000 members (not included in MassHealth enrollment above) with partial coverage or premium assistance, such as Seniors, MassHealth Limited, individuals with third party liability (e.g. disabled with Medicare), and Family Assistance/Insurance Partnership (these members are counted in the private plans). Commonwealth Care includes enrollment in Boston Medical Center HealthNet Plan, Fallon Community Health Plan, Neighborhood Health Plan, and Network Health. Data reflect total enrollment, rounded to the nearest thousand, as of the specified date. Totals include all Massachusetts residents enrolled in the following health plans: Aetna Health (a Pennsylvania Corporation), Aetna Life Insurance Company, Blue Cross Blue Shield (BCBSMA, HMO Blue and Massachusetts residents insured through other Blue Cross Association plans), Boston Medical Center HealthNet Plan, CIGNA, ConnectiCare, Fallon, Group Insurance Commission (GIC), Harvard Pilgrim Health Care (HPHC) including subsidiary Health Plans, Inc., Health Markets (MEGA Life and Health Insurance Company, Mid-West National Life Insurance Company of Tennessee, and the Chesapeake Life Insurance Company), Health New England, MassHealth, Neighborhood Health Plan, Network Health, Tufts Health Plan, and United Health Care. GIC may include a small number of enrollees who are not Massachusetts residents. Data exclude the following insured Massachusetts residents: federal employees not insured through a commercial carrier, active duty military personnel and their families who receive services through Champus/Tricare only and inmates of the Department of Correction. Numbers may not sum due to rounding.

Sources: Membership reported to DHCFF by health plans, MassHealth, and the Group Insurance Commission; Commonwealth Care enrollment data from the Commonwealth Health Insurance Connector Authority.

Since the implementation of health care reform, enrollment in private insurance has grown by more than 187,000.

Employers Offering Health Insurance

Percent of Employers



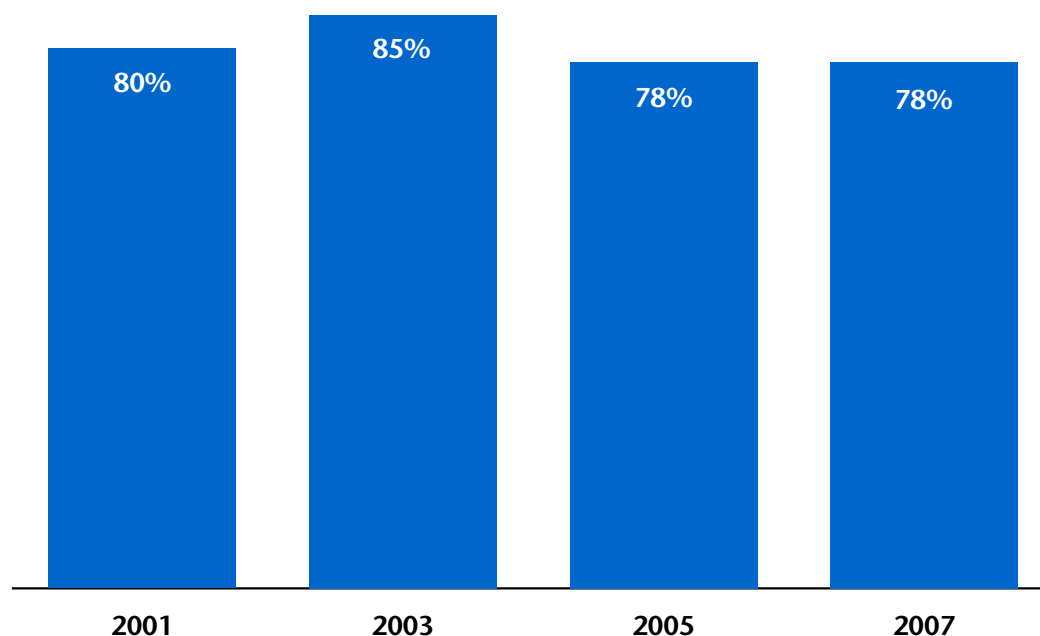
Nearly three-quarters of Massachusetts employers offer health insurance to their employees. The Massachusetts employer offer rate has held steady, even as the employer offer rate declined nationally from 68% to 60% between 2001 and 2007, as reported in the Kaiser/HRET survey.

Note: The changes from year to year are not statistically significant.

Source: DHCFP Employer Survey for 2001, 2003, 2005, and 2007. National data from the Henry J. Kaiser Family Foundation/Health Research and Educational Trust (HRET) Employer Benefits Survey, 2001-2007.

Employees Enrolled in Health Insurance

Percent of Eligible Employees



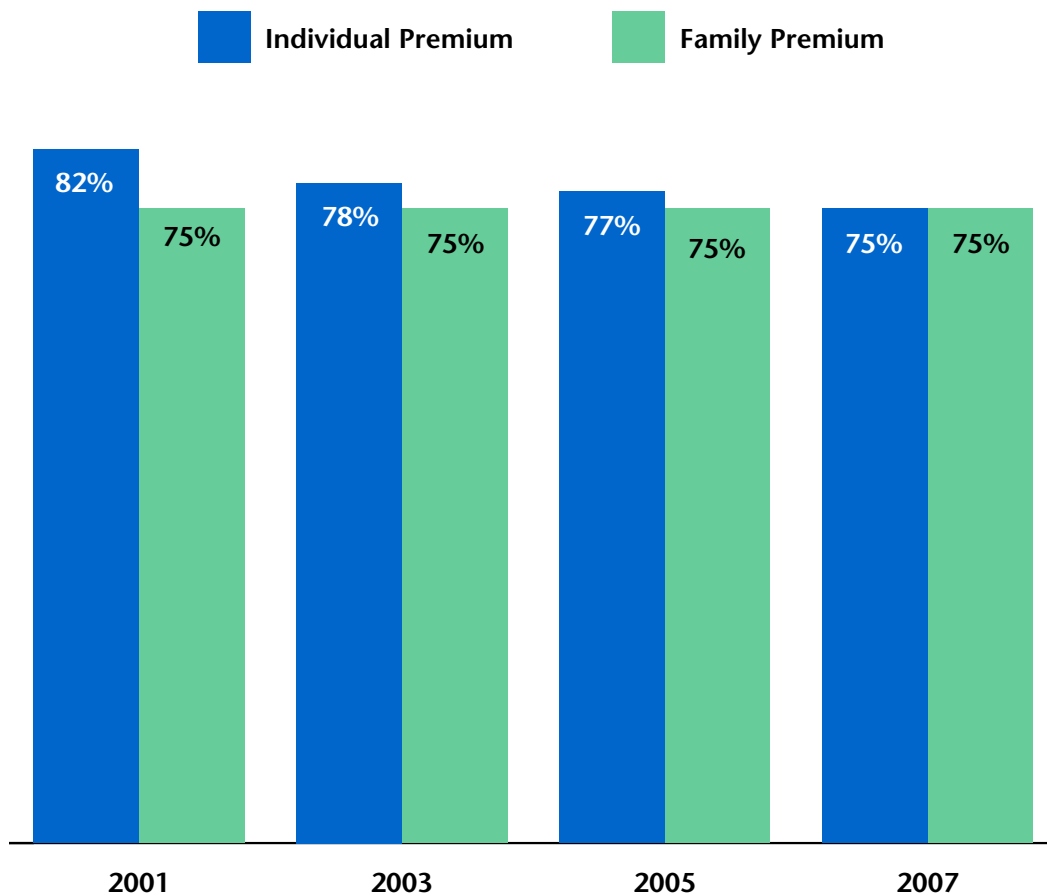
More than three-quarters of employees eligible for health insurance enrolled in their employer's health plan in 2007. Nationally, the take-up rate for employees eligible for health insurance was 82% in 2007 as reported in the Kaiser/HRET survey. While Massachusetts employers are more likely to offer coverage than employers nationwide, employees are less likely to enroll.

Note: Data reflect medians.

Source: DHCFP Employer Survey for 2001, 2003, 2005, and 2007. National data from the Henry J. Kaiser Family Foundation/Health Research and Educational Trust (HRET) Employer Benefits Survey, 2001-2007.

Employer Contributions to Health Insurance

Percent of Individual and Family Premiums

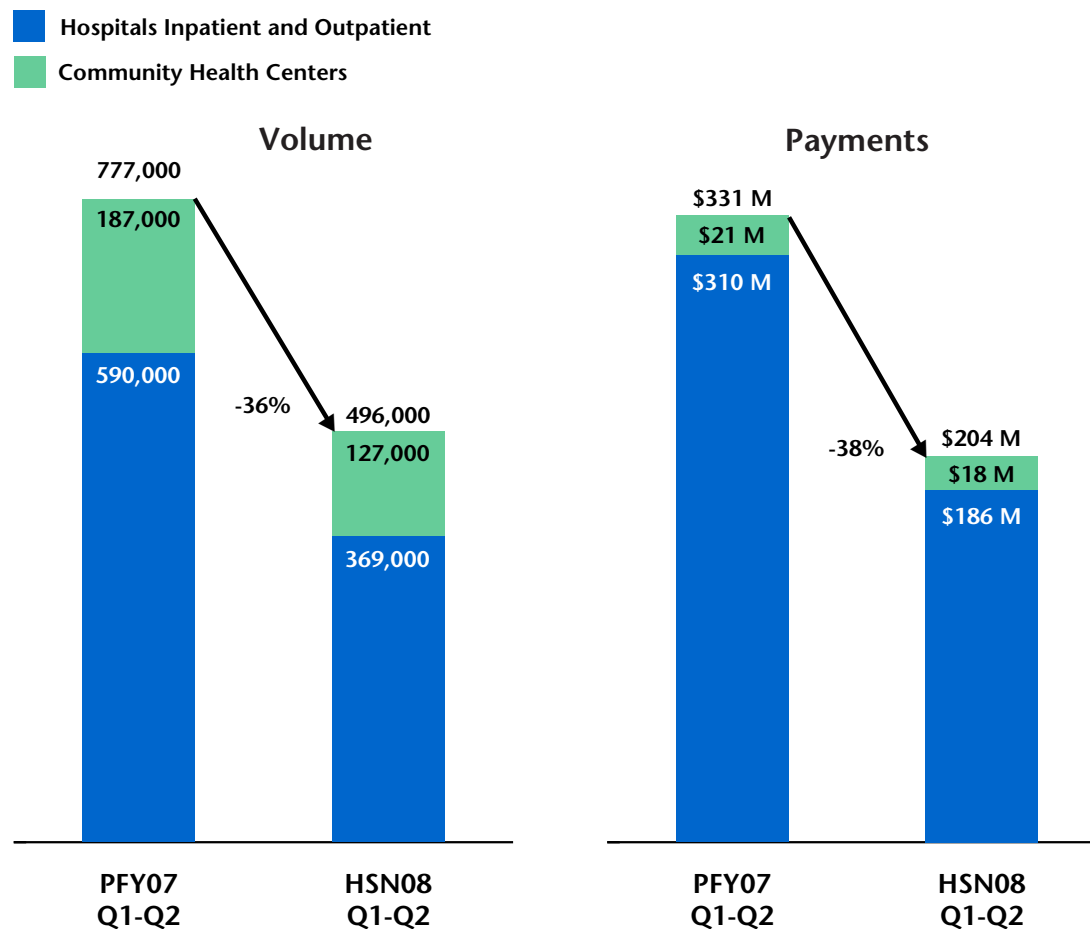


Most Massachusetts employers contribute at least 75% toward their employees' health insurance premiums. While Massachusetts employers' contributions are comparable to employers nationwide for family plans (75% in Massachusetts versus 73% nationally as reported in the 2007 Kaiser/HRET survey), contributions are significantly lower for individual plans (75% in Massachusetts versus 85% nationally).

Note: Data reflect medians.

Source: DHCFP Employer Survey for 2001, 2003, 2005, and 2007. National data from the Henry J. Kaiser Family Foundation/Health Research and Educational Trust (HRET) Employer Benefits Survey, 2001-2007.

UCP and HSN Volume and Payments for Hospitals and Community Health Centers



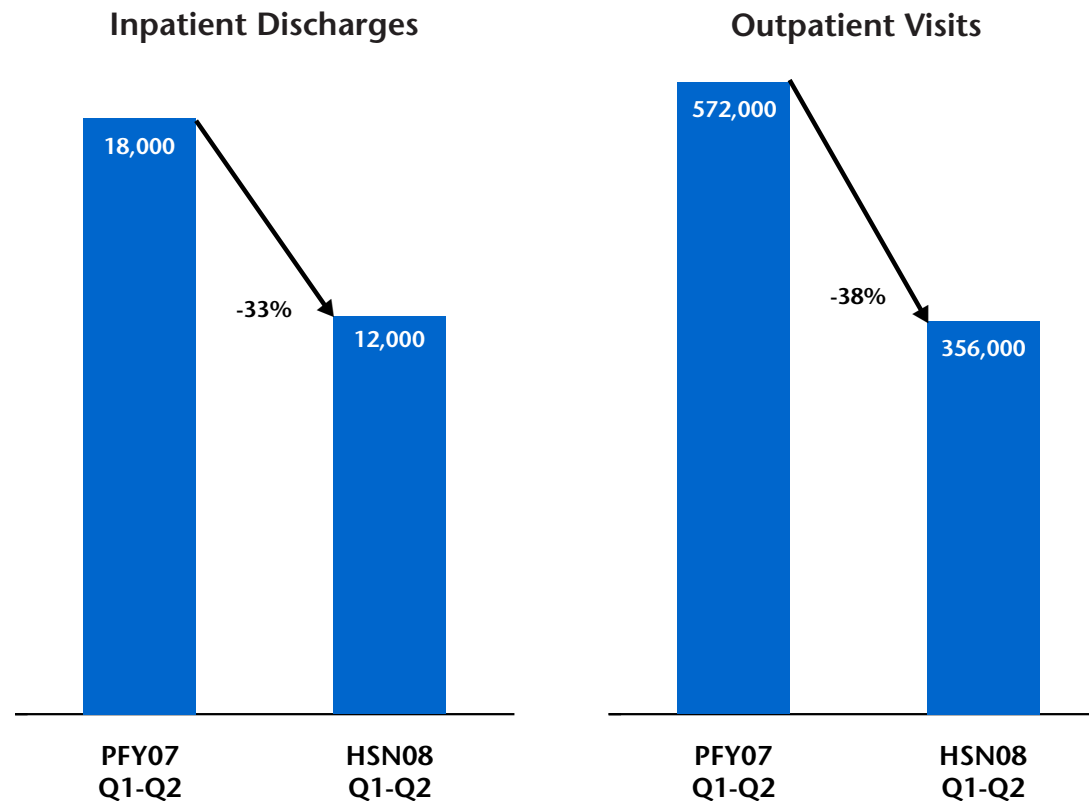
Health Safety Net (HSN) volume for hospitals and community health centers declined by 36% in the first six months of HSN fiscal year 2008 compared to the same period in the prior year of the Uncompensated Care Pool (UCP). Payments declined by 38% over the same period.

Notes: The Uncompensated Care Pool fiscal year (PFY) and the Health Safety Net fiscal year (HSN) run from October 1 through September 30 of the following year. Data are reported for the first six months (October 1 through March 31) of PFY07 and HSN08. HSN08 hospital payments and volume are based on adjudicated claims for services provided to eligible individuals and are reported based on date of service. Hospital data exclude pharmacy, exclude void claims, and include emergency bad debt (ERBD). ERBD is reported on the date of write off. Community Health Center (CHC) payments are based on the service volume provided to HSN eligible individuals two months prior to the month of payment. CHC volume is based on the date of service. CHC data include pharmacy claims. ERBD does not apply to CHCs. Services provided in PFY07 to individuals deemed retroactively eligible for HSN are included in HSN08 rather than PFY07. Numbers may not sum due to rounding.

Source: DHCFP UCP/HSN Claims Database as of 10/29/08.

Hospital Volume

Inpatient Discharges and Outpatient Visits

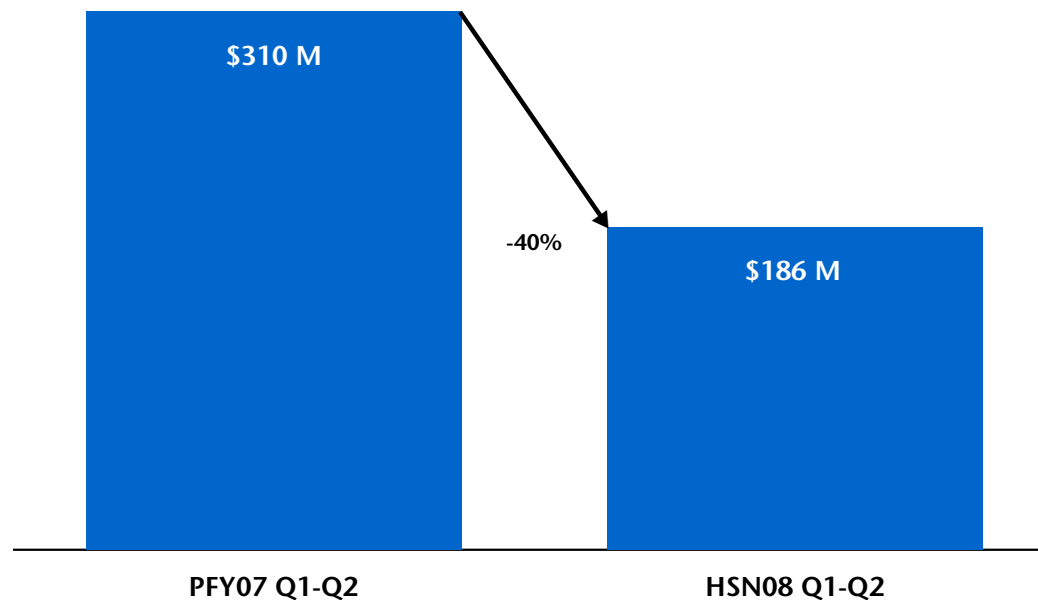


The total number of hospital inpatient discharges and outpatient visits billed to the Health Safety Net in the first six months of HSN fiscal year 2008 declined by approximately 37% overall compared to the same period in the prior year of the Uncompensated Care Pool.

Notes: The Uncompensated Care Pool fiscal year (PFY) and the Health Safety Net fiscal year (HSN) run from October 1 through September 30 of the following year. Data are reported for the first six months (October 1 through March 31) of PFY07 and HSN08. HSN08 hospital volume is based on adjudicated claims for services provided to eligible individuals based on the date of service. Hospital data exclude pharmacy, exclude void claims, and include emergency bad debt (ERBD). ERBD is reported on the date of write off. Services provided in PFY07 to individuals deemed retroactively eligible for HSN are included in HSN08 rather than PFY07. Numbers may not sum due to rounding.
Source: DHCFP UCP/HSN Claims Database as of 10/29/08.

Hospital Payments

Inpatient and Outpatient

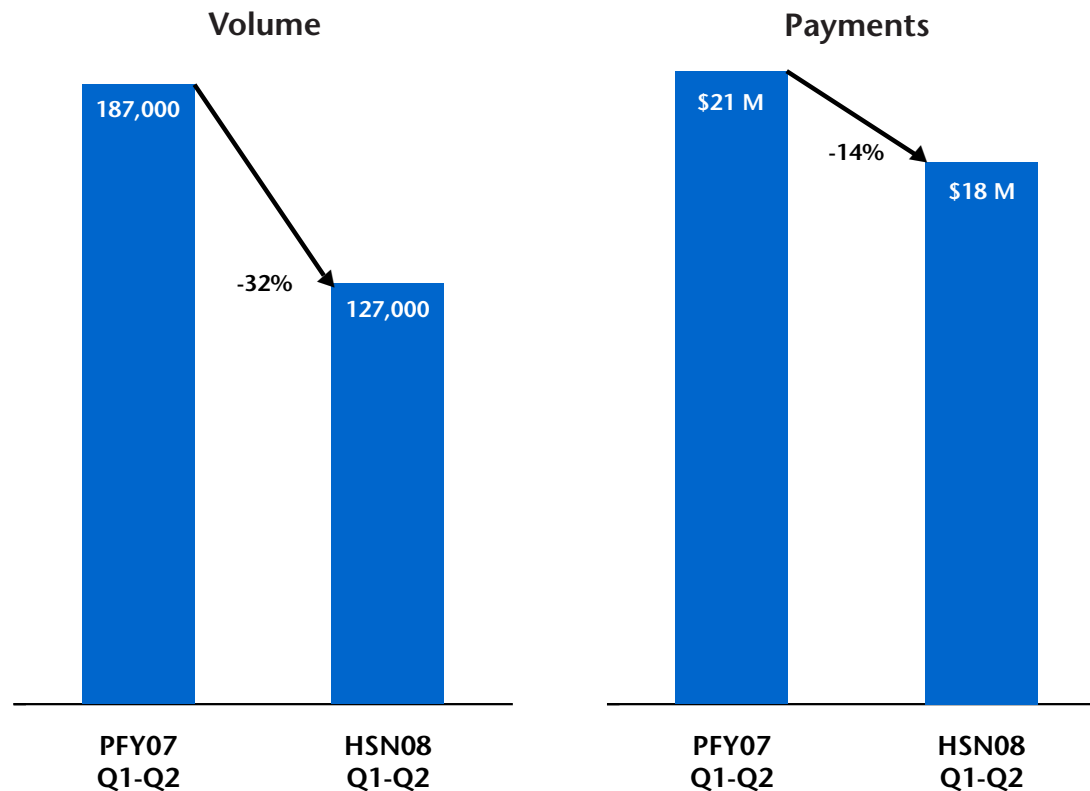


Hospital payments decreased 40% in the first six months of Health Safety Net fiscal year 2008 compared to the same period from the prior year of the Uncompensated Care Pool.

Notes: The Uncompensated Care Pool fiscal year (PFY) and the Health Safety Net fiscal year (HSN) run from October 1 through September 30 of the following year. Data are reported for the first six months (October 1 through March 31) of PFY07 and HSN08 by date of service. HSN08 hospital payments are based on adjudicated claims for services provided to eligible individuals. Hospital data exclude pharmacy, exclude void claims, and include emergency bad debt (ERBD). ERBD is reported on the date of write off. Payment for services delivered in PFY07 to individuals deemed retroactively eligible for HSN are included in HSN08 rather than PFY07. Numbers may not sum due to rounding. Source: DHCFP UCP/HSN Claims Database as of 10/29/08.

CHC Volume and Payments

in the First Six Months of PFY07 and HSN08

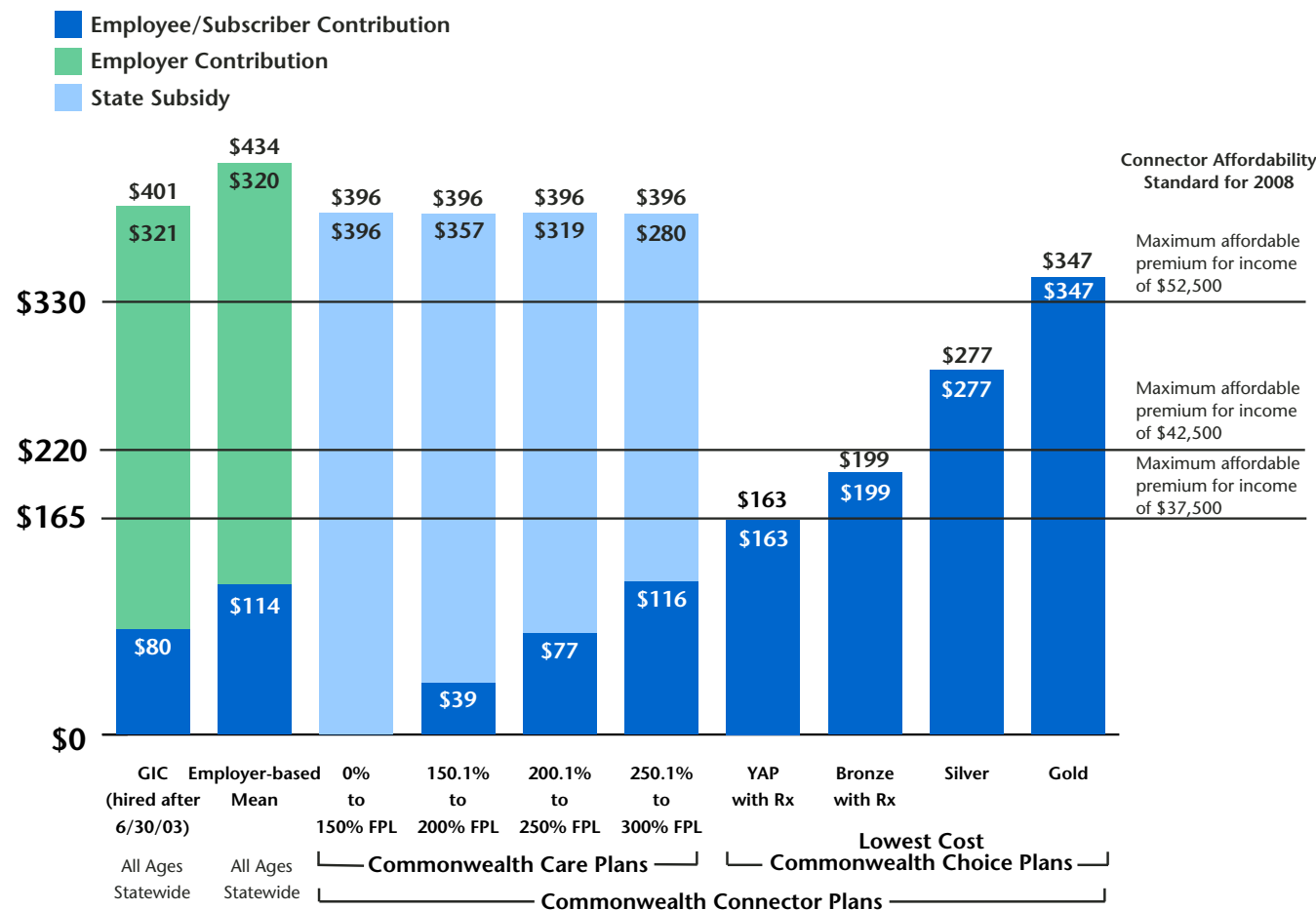


Community health center (CHC) Health Safety Net visit volume and payments decreased by 32% and 14% respectively from the first six months of HSN fiscal year 2008 compared to the same period in the prior year of the Uncompensated Care Pool.

Notes: The Uncompensated Care Pool fiscal year (PFY) and the Health Safety Net fiscal year (HSN) run from October 1 through September 30 of the following year. Data are reported for the first six months (October 1 through March 31) of PFY07 and HSN08. Community Health Center (CHC) payments are based on the service volume provided to HSN eligible individuals two months prior to the month of payment. CHC volume is based on the date of service. CHC data include pharmacy claims. Services in PFY07 for individuals deemed retroactively eligible for HSN are included in HSN08 rather than PFY07. Numbers may not sum due to rounding.
Source: DHCFP UCP/HSN Claims Database as of 10/29/08.

Monthly Cost of Health Insurance

Employer and Connector Plans for Individuals



Subscriber contributions to Commonwealth Care plans are comparable to the average employee contribution for employer-based coverage.

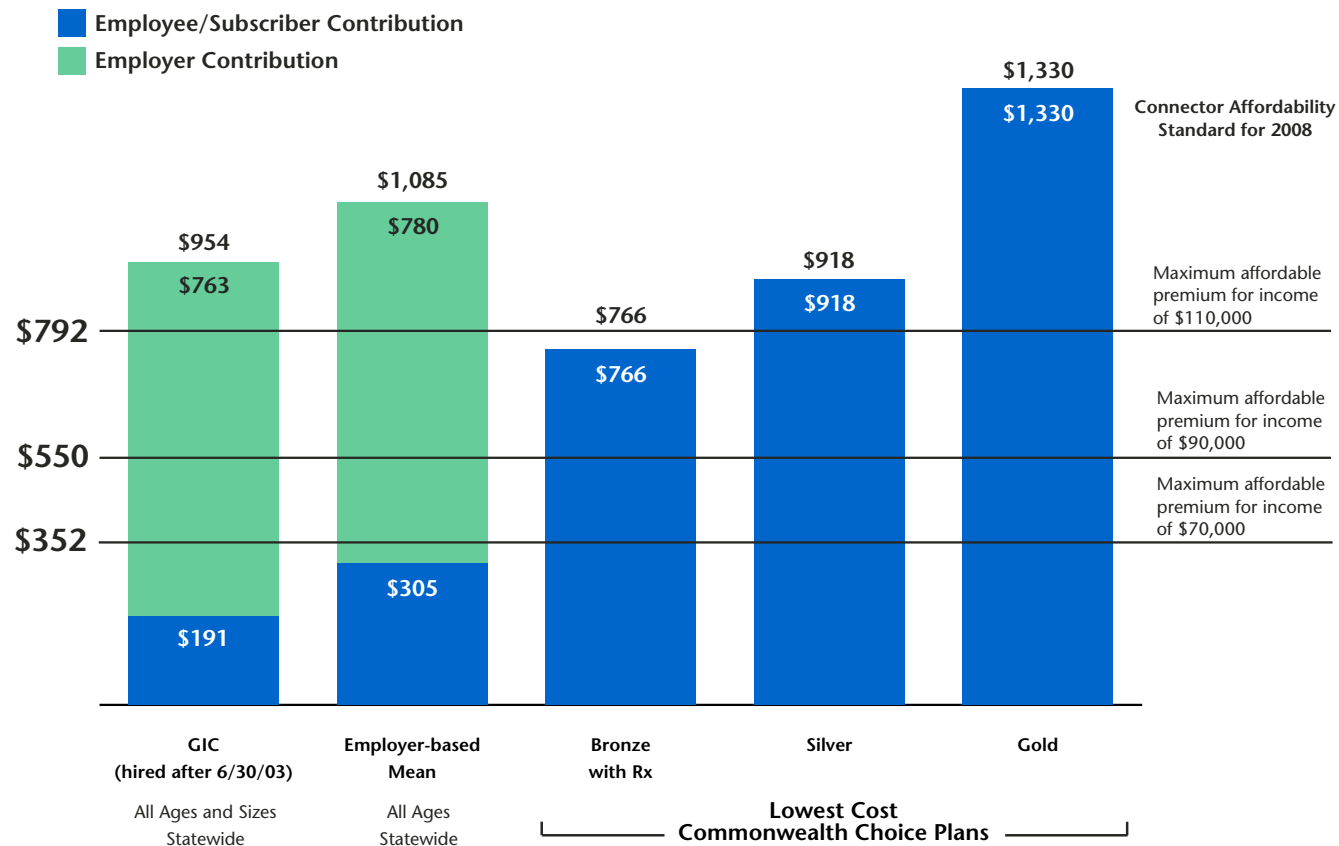
These premiums were compared to the affordability schedule that was established by the Commonwealth Health Insurance Connector Authority effective for the calendar year 2008. For more details, please visit: www.mahealthconnector.org.

Notes: The calculation of mean premiums for private, employer-based insurance does not include premiums paid by government employees. Commonwealth Care premium reflect average composite capitation rates for the total Commonwealth Care population. There is variation in actual capitation amounts across plan types and managed care organizations based on member demographics. The premium for Choice YAP with Rx plan was calculated for a 22-year-old individual living in Boston. Premiums for Commonwealth Choice Bronze with Rx, Silver, and Gold are the lowest priced plans available for a 35-year-old individual living in Boston. Data are rounded to the nearest whole dollar.

Sources: 2008-2009 GIC Benefit Decision Guide; 2007 DHCFP Employer Survey; Connector Affordability Schedule for 2008; Commonwealth Health Insurance Connector Authority for Commonwealth Choice plan premiums effective October 2008 and Commonwealth Care premiums effective July 2008.

Monthly Cost of Health Insurance

Employer and Connector Plans for Families



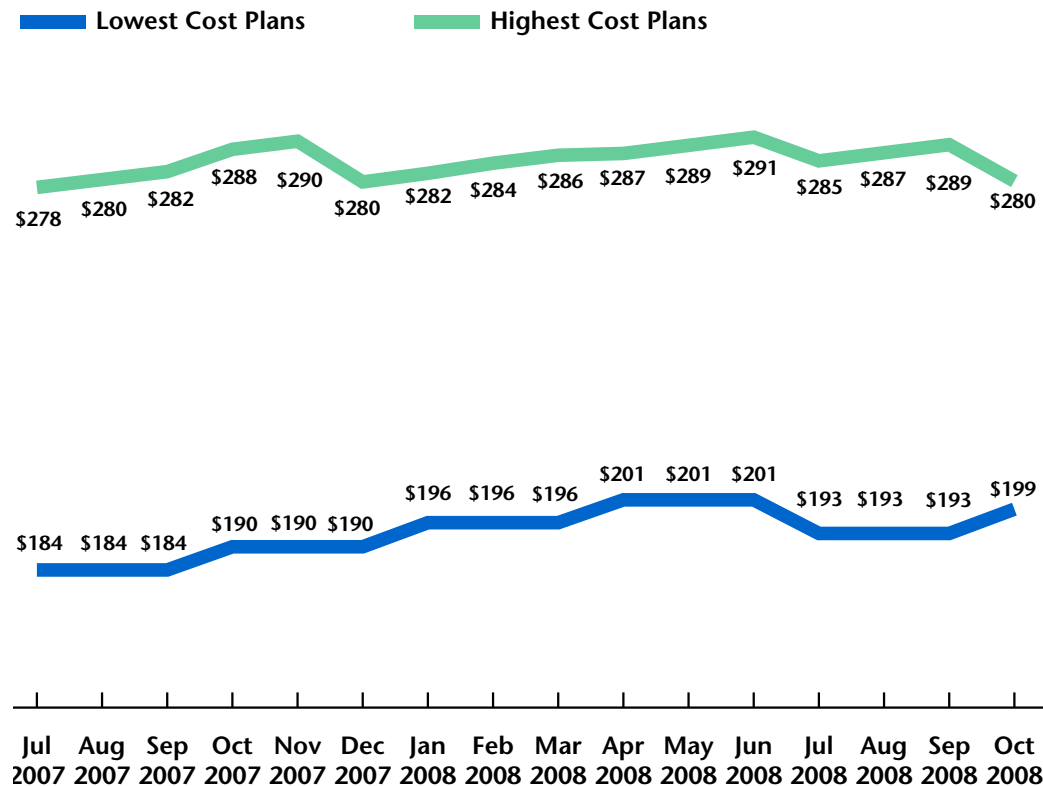
Commonwealth Choice premium contributions for families are higher than the average employee contribution for employer-based family coverage.

These premiums were compared to the affordability schedule that was established by the Commonwealth Health Insurance Connector Authority effective for the calendar year 2008. For more details, please visit: www.mahealthconnector.org.

Notes: Commonwealth Care plans provide coverage for adult individuals only and, therefore, do not have family plans. The calculation of mean premiums for private employer-based insurance does not include premiums paid by government employees. Premiums for Commonwealth Choice Bronze with Rx, Silver, and Gold plans are the lowest price for a family of four, with two 35-year-old parents and two children living in Boston. Data are rounded to the nearest whole dollar.
 Sources: 2008-2009 GIC Benefit Decision Guide; 2007 DHCFP Employer Survey; Connector Affordability Schedule for 2008; Commonwealth Health Insurance Connector Authority for Commonwealth Choice plan premiums effective October 2008.

Commonwealth Choice Bronze Premiums

Highest and Lowest Cost Plans (with Rx coverage)

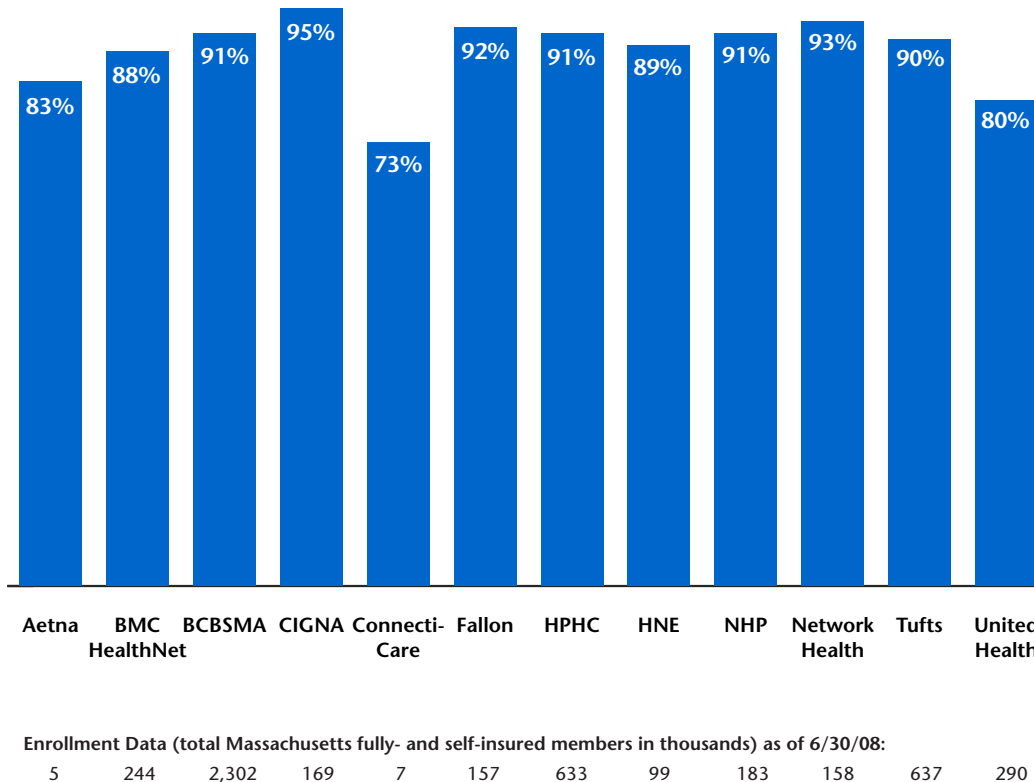


The lowest cost Commonwealth Choice Bronze monthly premiums have risen slightly since July 1, 2007. The highest cost premiums went down between September 1 and October 1, 2008.

Note: Premiums are for a 35-year-old individual living in Boston.
Source: Commonwealth Health Insurance Connector Authority.

Medical Expense Ratio

by Health Plan for the First Six Months of 2008

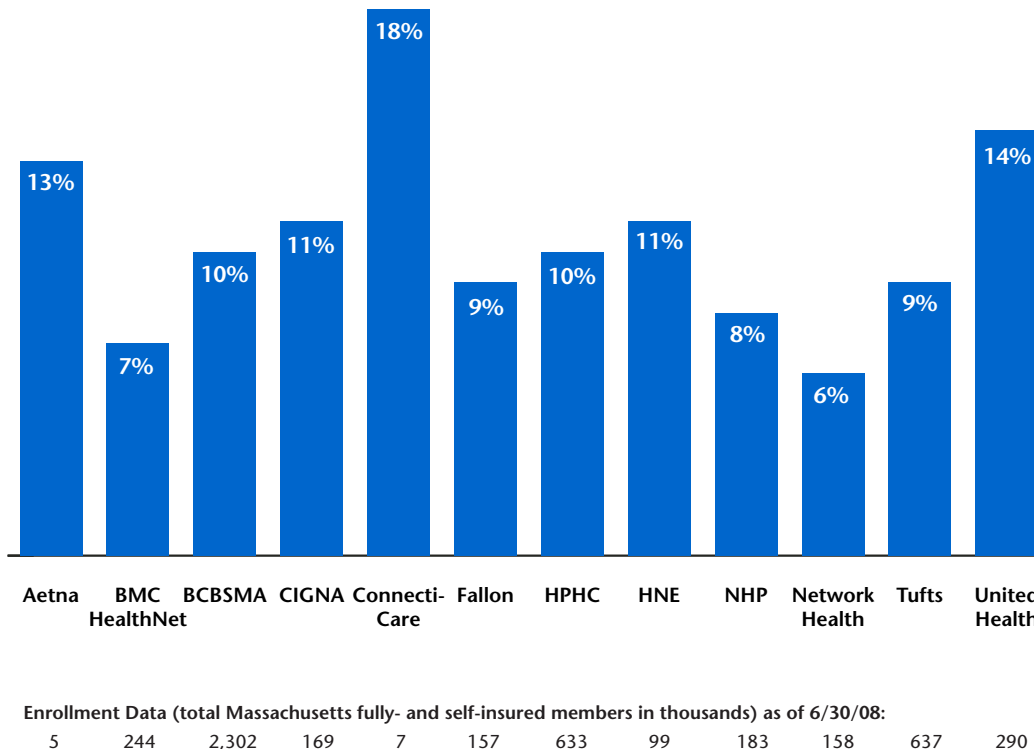


Note: Medical expense ratio is calculated by dividing total hospital and medical expenses by total revenue (without investment income). Blue Cross Blue Shield of Massachusetts (BCBSMA) includes the combined performance of BCBSMA and HMO Blue. Ratios may not sum to 100% due to rounding. Massachusetts Division of Insurance (DOI) financial information represents Massachusetts licensed plans including Medicare, MassHealth and Commonwealth Care as well as members who are not Massachusetts residents. Enrollment data include Massachusetts residents only, MassHealth, Commonwealth Care, Medicare, fully-insured and self-insured members. Enrollment information is limited to health plans that are required to report to the DOI, MassHealth or the Commonwealth Health Insurance Connector Authority. The numbers will not add up to total enrollment presented on pages 2 and 3. Aetna enrollment represents only Aetna Health Inc. (a Pennsylvania Corporation), and does not include approximately 147,000 members covered under Aetna Life Insurance Company. Harvard Pilgrim Health Care enrollment does not include approximately 60,000 members enrolled in subsidiary Health Plans Inc. Source: Division of Insurance quarterly financial statements. Boston Medical Center HealthNet Plan and Network Health data from MassHealth 4B and insolvency reports. Health plan enrollment data are as reported to DHCFF.

The four largest health plans cover more than 3,862,000 Massachusetts residents in fully-insured and self-insured products. These plans spent between 80% and 91% of total revenue dollars on medical services provided to members in the first six months of 2008.

Please see page 18 for health plan financial performance in calendar year 2007.

Administrative Expense Ratio by Health Plan for the First Six Months of 2008



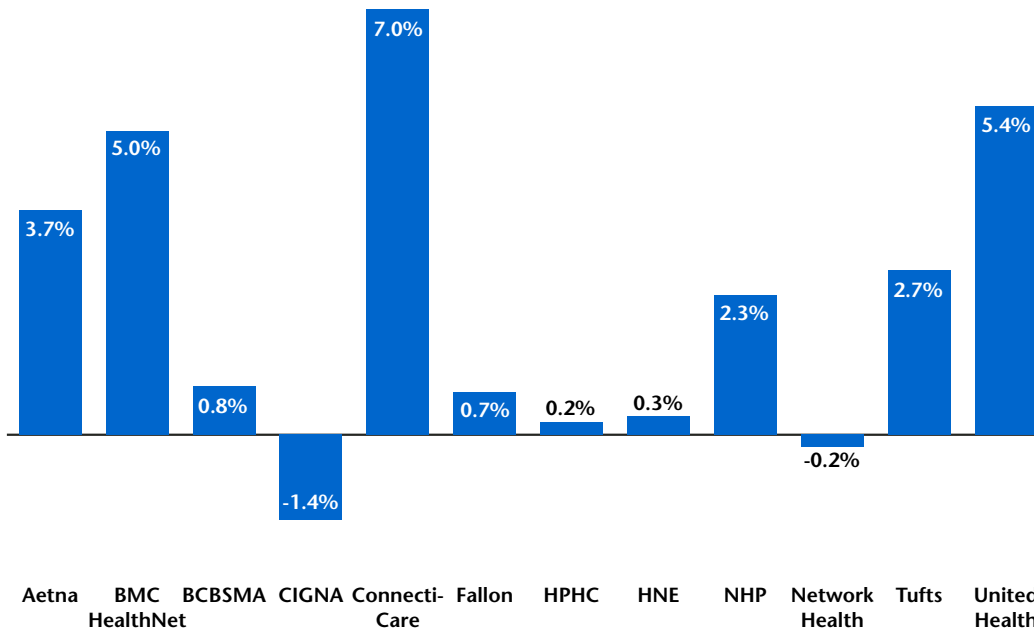
The four largest health plans spent between 9% and 14% of total revenue on administrative expenses including staff, claims processing, rent and clinical oversight in the first six months of 2008.

Note: Administrative expense ratio is calculated by dividing total administrative expenses (including claims adjustment and general administrative expenses) by total revenue (including investment gain/loss). Blue Cross Blue Shield of Massachusetts (BCBSMA) includes the combined performance of BCBSMA and HMO Blue. Ratios may not sum to 100% due to rounding. Massachusetts Division of Insurance (DOI) financial information represents Massachusetts licensed plans including Medicare, MassHealth and Commonwealth Care as well as members who are not Massachusetts residents. Enrollment data include Massachusetts residents only, MassHealth, Commonwealth Care, Medicare, fully-insured and self-insured members. Enrollment is limited to health plans that are required to report to the DOI, MassHealth, or the Commonwealth Health Insurance Connector Authority. The numbers will not add up to total enrollment presented on pages 2 and 3. Aetna enrollment represents only Aetna Health Inc. (a Pennsylvania Corporation), and does not include approximately 148,000 members covered under Aetna Life Insurance Company. Harvard Pilgrim Health Care enrollment does not include approximately 60,000 members enrolled in subsidiary Health Plans Inc. Source: Division of Insurance quarterly financial statements. Boston Medical Center HealthNet Plan and Network Health data from MassHealth 4B and insolvency reports. Health plan enrollment data are as reported to DHCFP.

Please see page 18 for health plan financial performance in calendar year 2007.

Profit Margin

by Health Plan for the First Six Months of 2008



Enrollment Data (total Massachusetts fully- and self-insured members in thousands) as of 6/30/08:

Aetna	BMC	BCBSMA	CIGNA	Connecti-Care	Fallon	HPHC	HNE	NHP	Network Health	Tufts	United Health
5	244	2,302	169	7	157	633	99	183	158	637	290

Note: Profit margin is calculated by dividing net income by total revenue (including investment gain/loss). Blue Cross Blue Shield of Massachusetts (BCBSMA) includes the combined performance of BCBSMA and HMO Blue. Ratios may not sum to 100% due to rounding. Massachusetts Division of Insurance (DOI) financial information represents Massachusetts licensed plans including Medicare, MassHealth and Commonwealth Care as well as members who are not Massachusetts residents. Enrollment data include Massachusetts residents only, MassHealth, Commonwealth Care, Medicare, fully-insured and self-insured members. Enrollment is limited to health plans that are required to report to the DOI, MassHealth or the Commonwealth Health Insurance Connector Authority. The numbers will not add up to total enrollment presented on pages 2 and 3. Aetna enrollment represents only Aetna Health Inc. (a Pennsylvania Corporation), and does not include approximately 147,000 members covered under Aetna Life Insurance Company. Harvard Pilgrim Health Care enrollment does not include approximately 60,000 members enrolled in subsidiary Health Plans Inc.

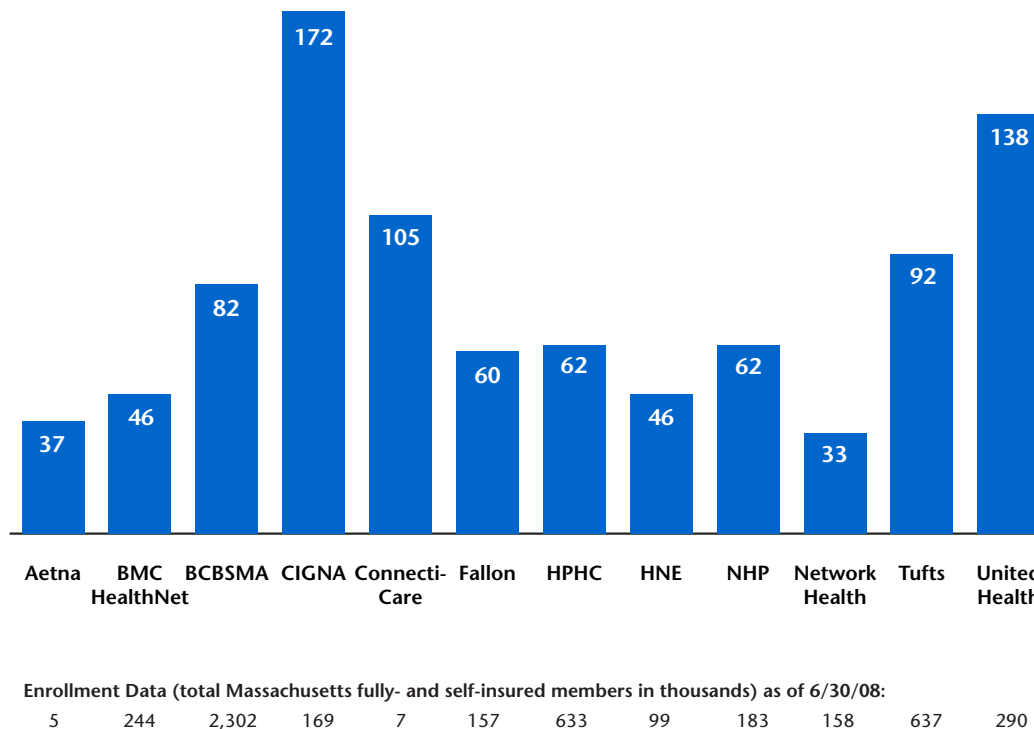
Source: Division of Insurance quarterly financial statements. Boston Medical Center HealthNet Plan and Network Health data from MassHealth 4B and insolvency reports. Health plan enrollment data are as reported to DHCFF.

Profit margin represents the resources available to the plan for other purposes after paying medical claims and administrative costs. Profit margins varied widely across plans in the first six months of 2008.

Please see page 18 for health plan financial performance in calendar year 2007.

Days in Reserve

by Health Plan for the First Six Months of 2008



Note: Days in reserve is calculated by dividing net worth (including total capital and surplus) by the result of dividing total medical and administrative expenses by the number of days in the YTD period. Blue Cross Blue Shield of Massachusetts (BCBSMA) includes the combined performance of BCBSMA and HMO Blue. Beginning with this report, Boston Medical Center HealthNet Plan now reports days in reserve based on the plan's net worth calculations; prior reports were based on the net worth of Boston Medical Center. Ratios may not sum to 100% due to rounding. Massachusetts Division of Insurance (DOI) financial information represents Massachusetts licensed plans including Medicare, MassHealth and Commonwealth Care as well as members who are not Massachusetts residents. Enrollment data include Massachusetts residents only, MassHealth, Commonwealth Care, Medicare, fully-insured and self-insured members. Enrollment is limited to health plans that are required to report to the DOI, MassHealth or the Commonwealth Health Insurance Connector Authority. The numbers will not add up to total enrollment presented on pages 2 and 3. Aetna enrollment represents only Aetna Health Inc. (a Pennsylvania Corporation), and does not include approximately 147,000 members covered under Aetna Life Insurance Company. Harvard Pilgrim Health Care enrollment does not include approximately 60,000 members enrolled in subsidiary Health Plans Inc. Source: Division of Insurance quarterly financial statements, Boston Medical Center HealthNet Plan and Network Health data from MassHealth 4B and insolvency reports. Health plan enrollment data are as reported to DHCFF.

Days in reserve is a measure of financial solvency. It reflects the number of days of medical expenses a plan could fund from its net worth. Performance on this measure varies widely, but most plans reported net worth equal to at least two months of days in reserve in the first six months of 2008.

Please see page 18 for health plan financial performance in calendar year 2007.

Health Plan Financial Performance

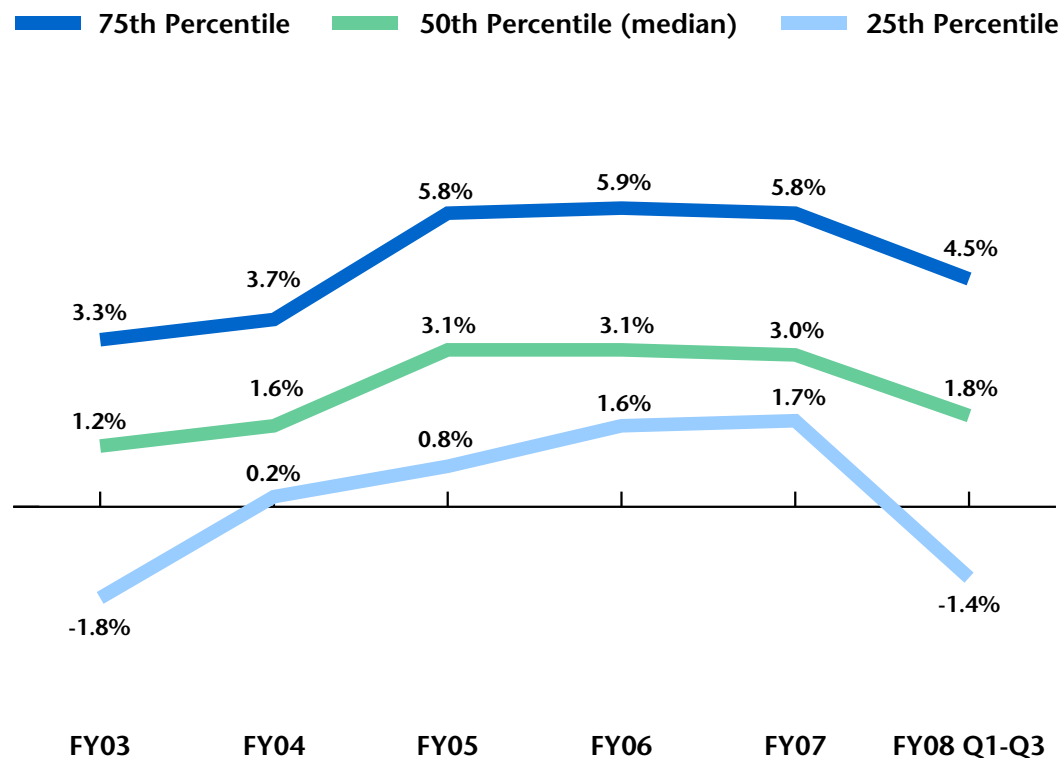
by Health Plan for Calendar Year 2007

Health Plan	Medical Expense Ratio	Administrative Expense Ratio	Profit Margin	Days in Reserve	Profit (Loss)
Aetna	81%	11%	5.1%	51	\$104,210,000
Boston Medical Center HealthNet Plan	89%	8%	3.6%	42	\$32,550,000
Blue Cross Blue Shield of Massachusetts	89%	10%	3.0%	87	\$208,726,000
CIGNA of HealthCare Massachusetts	89%	13%	2.6%	208	\$564,000
ConnectiCare	80%	17%	2.5%	84	\$754,000
Fallon Community Health Plan	91%	8%	2.0%	71	\$17,742,000
Harvard Pilgrim Health Care	87%	12%	1.8%	66	\$38,075,000
Health New England	87%	11%	1.5%	49	\$4,077,000
Neighborhood Health Plan	87%	9%	5.3%	76	\$36,230,000
Network Health	93%	6%	-0.2%	41	(\$1,004,000)
Tufts Health Plan	87%	12%	4.4%	101	\$90,961,000
United HealthCare	79%	13%	6.5%	125	\$25,081,000

Notes: Blue Cross Blue Shield of Massachusetts (BCBSMA) includes the combined performance of BCBSMA and HMO Blue. Beginning with this report, Boston Medical Center HealthNet Plan now reports days in reserve based on the plan's net worth calculations; prior reports were based on the net worth of Boston Medical Center. Ratios may not sum to 100% due to rounding. Massachusetts Division of Insurance (DOI) financial information represents Massachusetts licensed plans including Medicare, MassHealth, and Commonwealth Care as well as members who are not Massachusetts residents.

Source: Division of Insurance quarterly financial statements. Boston Medical Center HealthNet Plan and Network Health data from MassHealth 4B and insolvency reports. Health plan enrollment data are as reported to DHCFP.

Total Margin Trend by Year

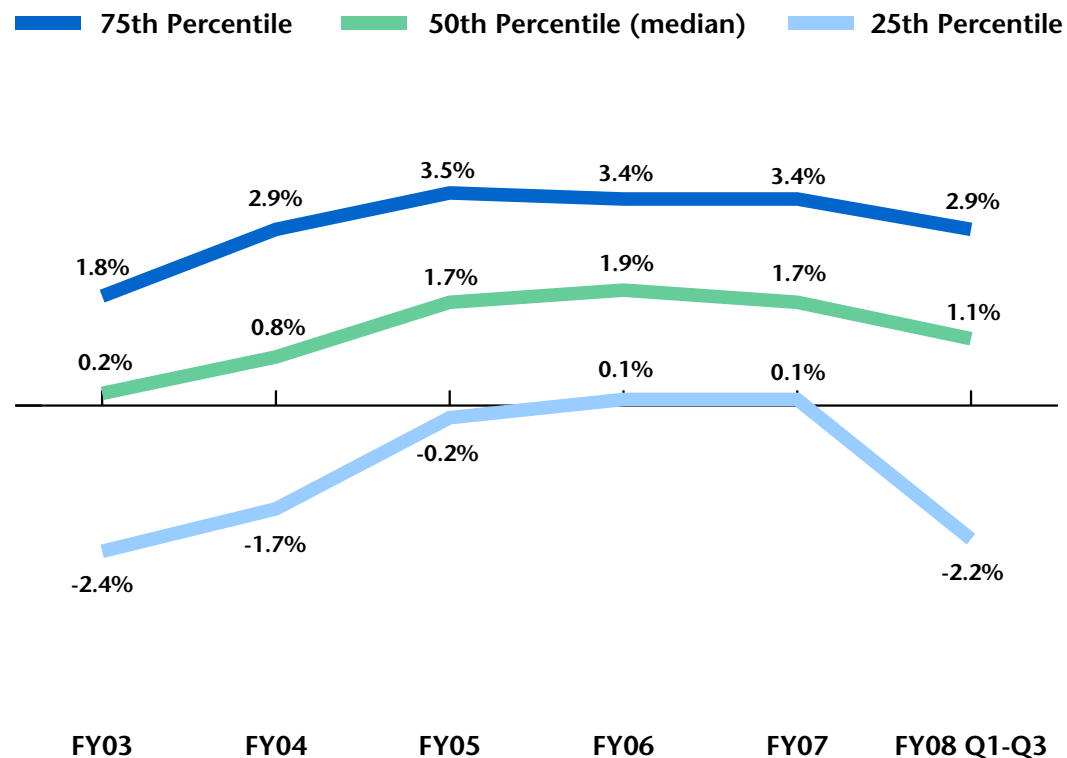


The overall financial performance of acute hospitals improved from FY03 to FY07. While overall financial performance appears to be lower through the first three quarters of FY08, caution should be taken when interpreting the FY08 quarterly results because quarterly performance is not necessarily indicative of year end results.

Please see page 25 for acute care hospital financial performance in calendar year 2007.

Note: Total margin is calculated by dividing total income by total revenue. Fiscal year ends (FYE) vary across hospitals: of 66 hospitals, 3 hospitals have a 6/30 FYE, 1 hospital has a 3/31 FYE, and 1 hospital has a 12/31 FYE. The remaining 61 hospitals have a 9/30 FYE.
Source: DHCFP Acute hospital financial data; for more information, please visit <http://www.mass.gov/dhcfp> click on "Health Systems Analyses" then go to "Hospitals."

Operating Margin Trend by Year

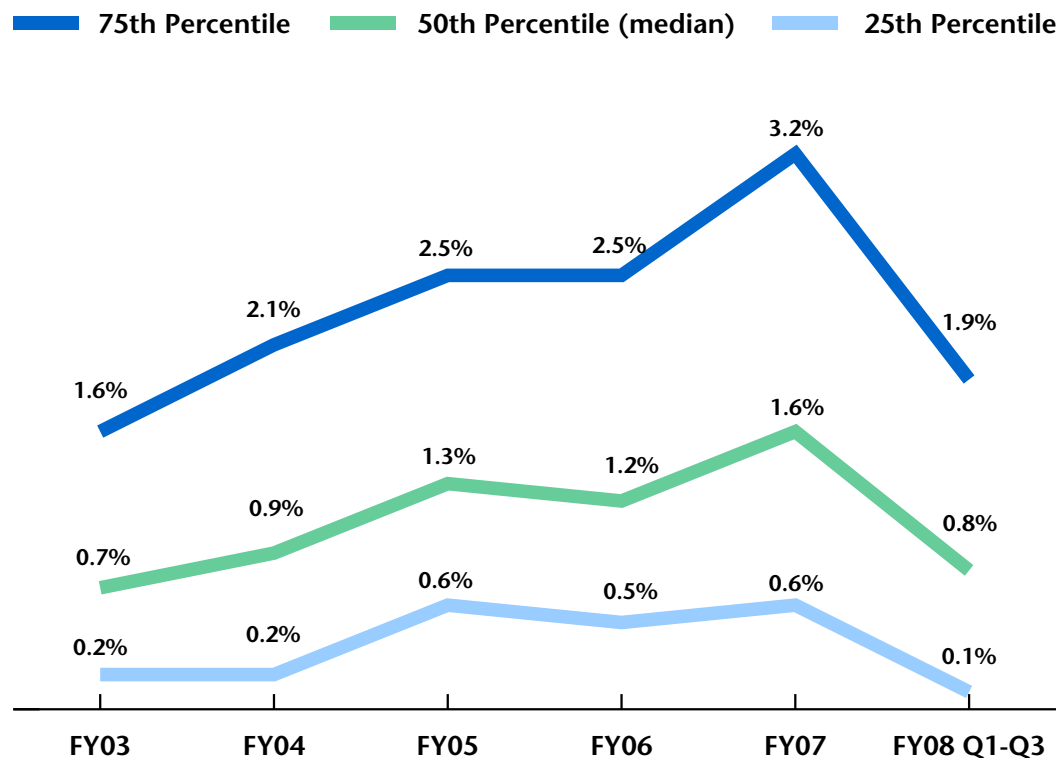


Operating margins for acute hospitals climbed slightly between FY03 and FY07. For the first three quarters of FY08, operating margins were lower than those experienced over the last three years, but appear to be trending upward. Caution should be taken when interpreting the FY08 quarterly results because quarterly performance is not necessarily indicative of year end results.

Please see page 25 for acute care hospital financial performance in calendar year 2007.

Note: Operating margin is calculated by dividing operating income by total revenue. Fiscal year ends (FYE) vary across hospitals: of 66 hospitals, 3 hospitals have a 6/30 FYE, 1 hospital has a 3/31 FYE, and 1 hospital has a 12/31 FYE. The remaining 61 hospitals have a 9/30 FYE.
Source: DHCfP Acute hospital financial data; for more information, please visit <http://www.mass.gov/dhcfp> click on "Health Systems Analyses" then go to "Hospitals."

Non-Operating Margin Trend by Year

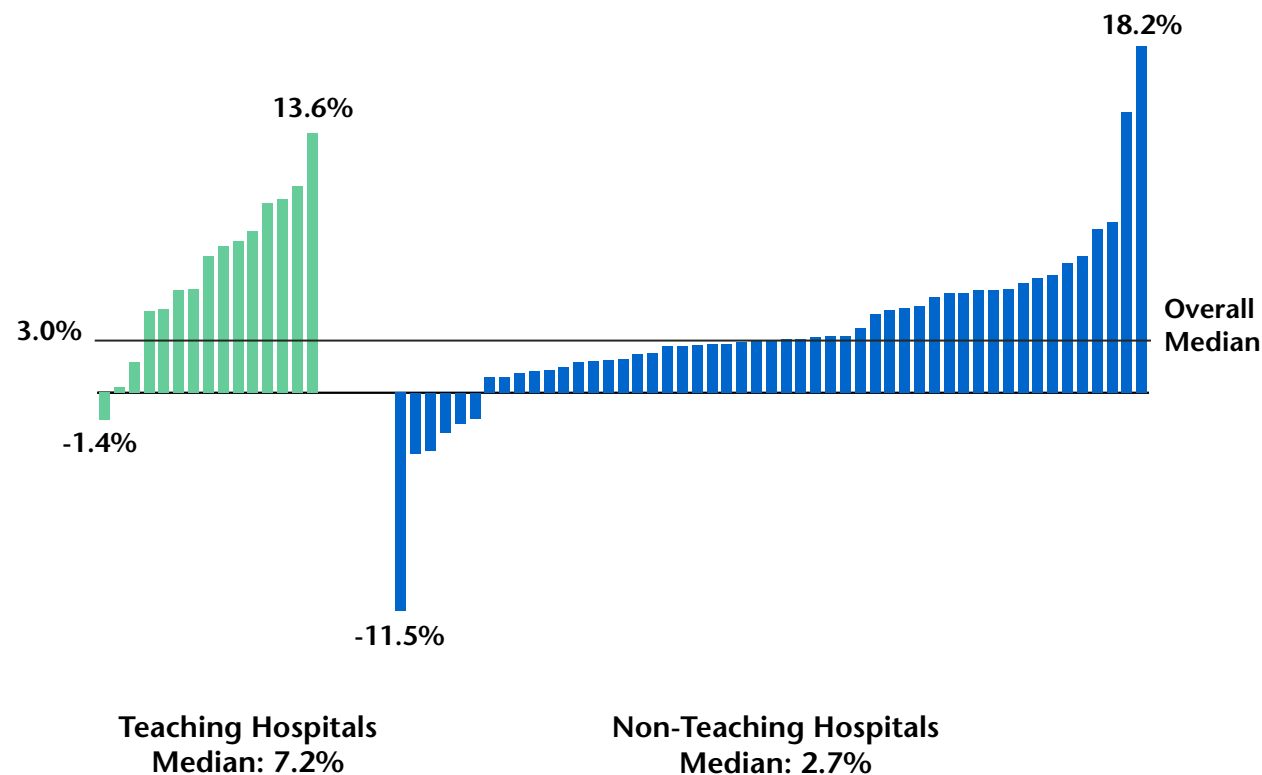


Non-operating margins for acute hospitals improved from FY03 to FY07. However, non-operating margins fell during the first three quarters of FY08. Caution should be taken when interpreting the FY08 quarterly results because quarterly performance is not necessarily indicative of year end results.

Please see page 25 for acute care hospital financial performance in calendar year 2007.

Note: Non-operating margin is calculated by dividing non-operating income by total revenue. Fiscal year ends (FYE) vary across hospitals: of 66 hospitals, 3 hospitals have a 6/30 FYE, 1 hospital has a 3/31 FYE, and 1 hospital has a 12/31 FYE. The remaining 61 hospitals have a 9/30 FYE.
Source: DHCfP Acute hospital financial data; for more information, please visit <http://www.mass.gov/dhcfp> click on "Health Systems Analyses" then go to "Hospitals."

Total Margin by Teaching Status for FY07

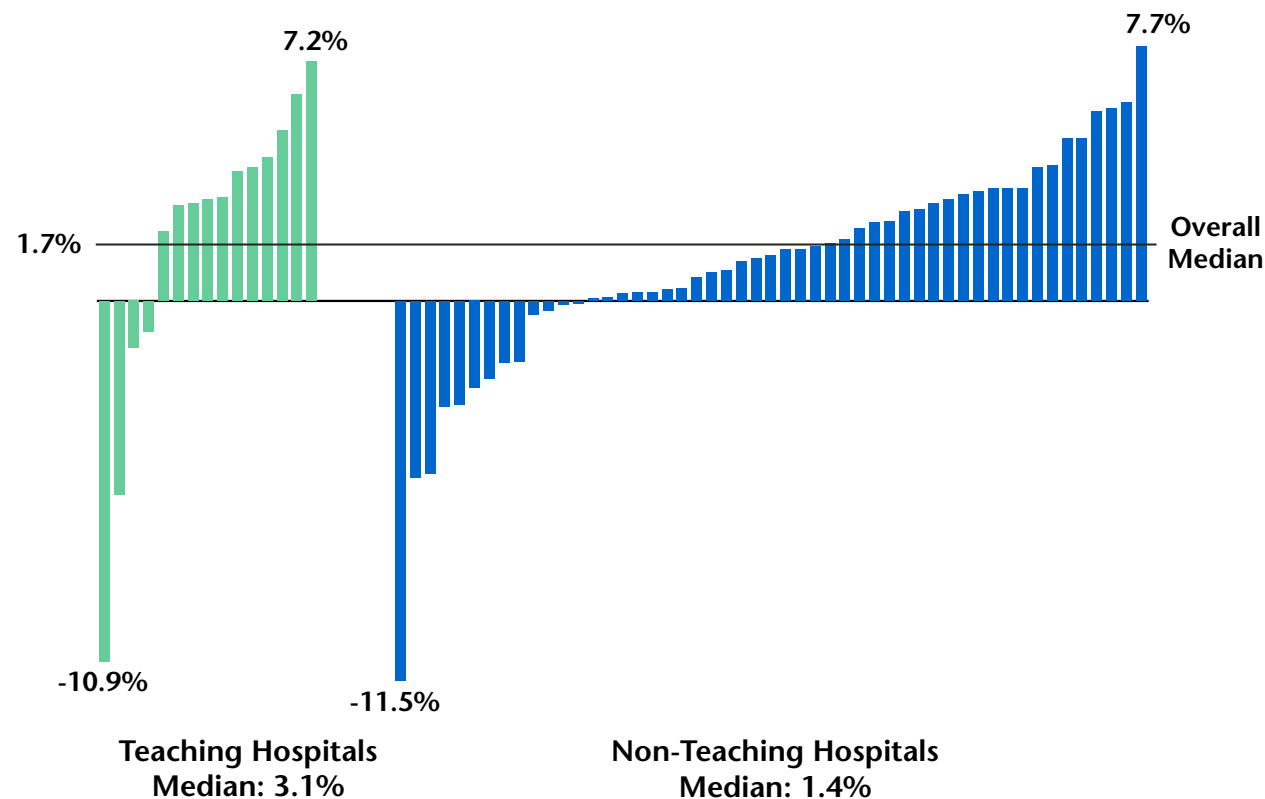


The overall financial performance of acute hospitals varies widely by teaching status. The median total margin for teaching hospitals was 7.2% in FY07 while the median total margin for non-teaching hospitals was 2.7%.

Please see page 25 for acute care hospital financial performance in calendar year 2007.

Note: Total margin is calculated by dividing total income by total revenue. Fiscal year ends (FYE) vary across hospitals: of 66 hospitals, 3 hospitals have a 6/30 FYE, 1 hospital has a 3/31 FYE, and 1 hospital has a 12/31 FYE. The remaining 61 hospitals have a 9/30 FYE.
Source: DHCfP Acute hospital financial data; for more information, please visit <http://www.mass.gov/dhcfp> click on "Health Systems Analyses" then go to "Hospitals."

Operating Margin by Teaching Status for FY07

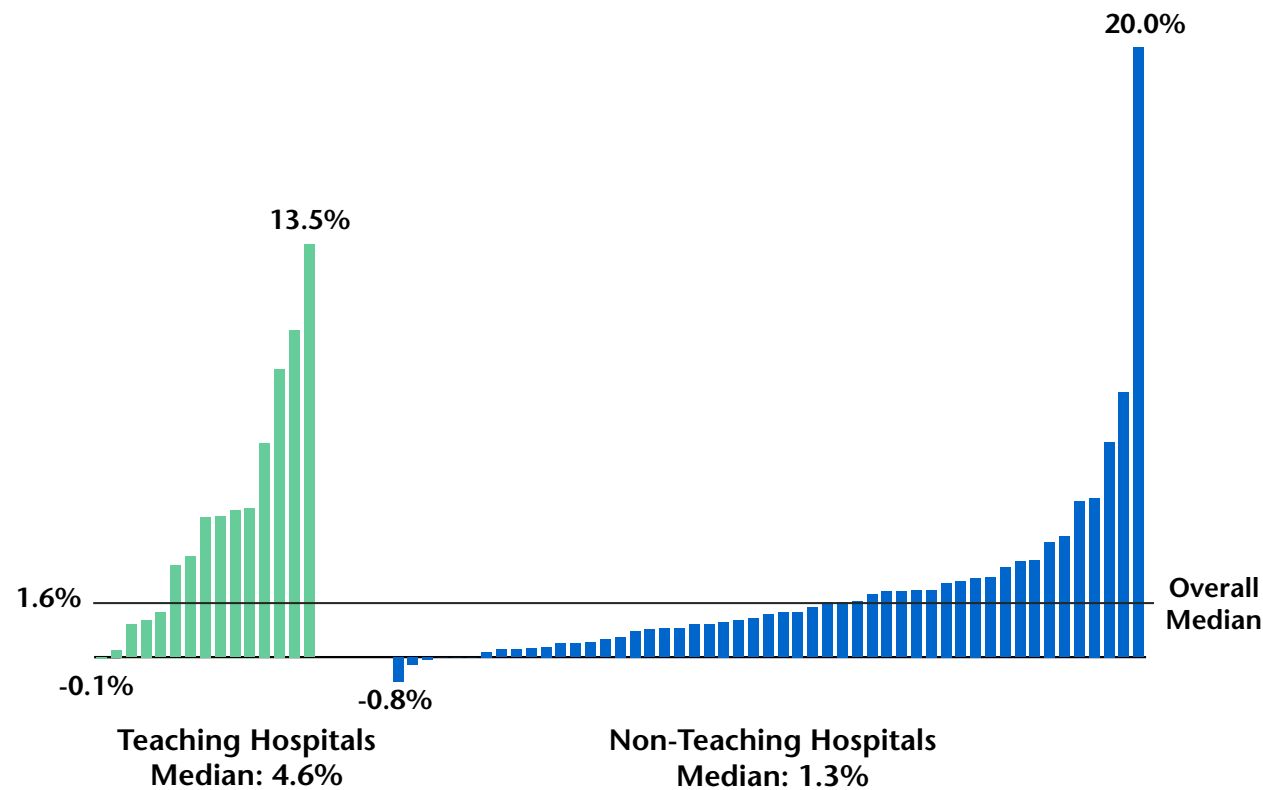


Teaching hospitals reported a higher operating margin than non-teaching hospitals in FY07.

Please see page 25 for acute care hospital financial performance in calendar year 2007.

Note: Operating margin is calculated by dividing operating income by total revenue. Fiscal year ends (FYE) vary across hospitals: of 66 hospitals, 3 hospitals have a 6/30 FYE, 1 hospital has a 3/31 FYE, and 1 hospital has a 12/31 FYE. The remaining 61 hospitals have a 9/30 FYE.
Source: DHCFP Acute hospital financial data; for more information, please visit <http://www.mass.gov/dhcfp> click on "Health Systems Analyses" then go to "Hospitals."

Non-Operating Margin by Teaching Status for FY07



Non-operating margin performance varies widely by hospital teaching status. The median for teaching hospitals was 4.6% in FY07, and the median for non-teaching hospitals was less than half that at 1.3%.

Please see page 25 for acute care hospital financial performance in calendar year 2007.

Note: Non-operating margin is calculated by dividing non-operating income by total revenue. Fiscal year ends (FYE) vary across hospitals: of 66 hospitals, 3 hospitals have a 6/30 FYE, 1 hospital has a 3/31 FYE, and 1 hospital has a 12/31 FYE. The remaining 61 hospitals have a 9/30 FYE.
Source: DHCFP Acute hospital financial data; for more information, please visit <http://www.mass.gov/dhcfp> click on "Health Systems Analyses" then go to "Hospitals."

Hospital Financial Performance

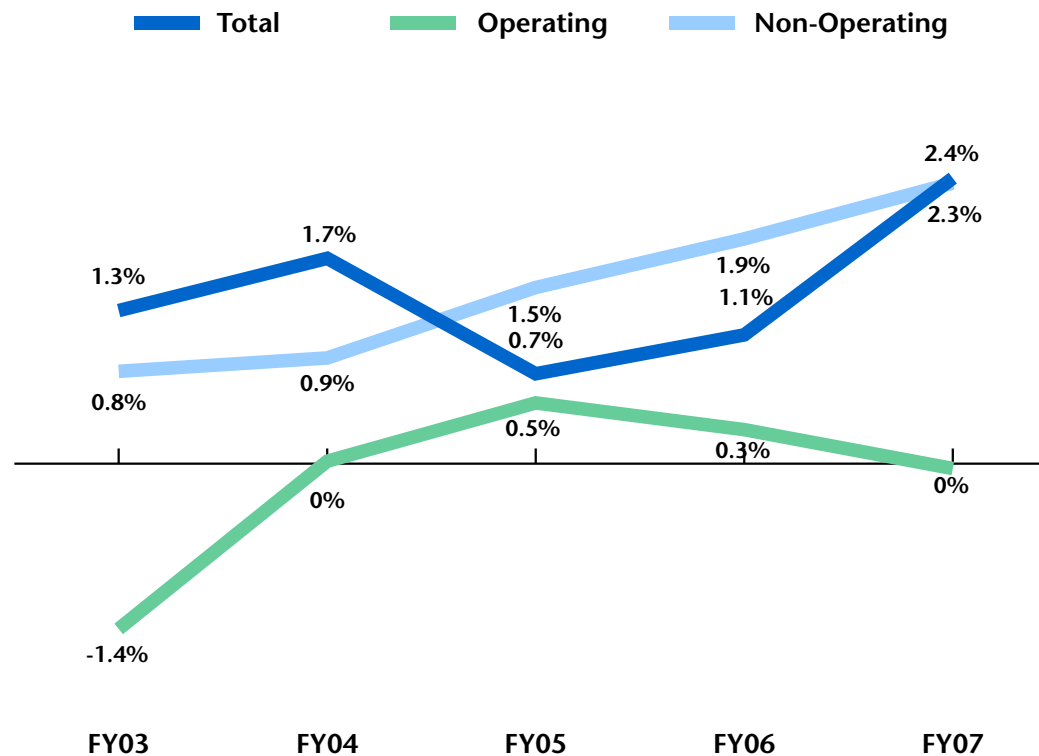
Hospital FY07

Teaching Hospitals	Operating Margin	Non-Op Margin	Total Margin	Profit (Loss)
Baystate Medical Center	3.9%	4.6%	8.5%	\$70,184,000
Beth Israel Deaconess Medical Center	3.1%	4.9%	8.0%	\$94,358,000
Boston Medical Center	2.1%	3.3%	5.4%	\$52,128,000
Brigham and Women's Hospital	4.0%	0.2%	4.3%	\$74,758,000
Cambridge Health Alliance	-0.9%	1.2%	0.3%	\$1,612,000
Caritas St. Elizabeth's Medical Center	2.9%	1.5%	4.4%	\$15,854,000
Children's Hospital Boston	3.1%	7.0%	10.1%	\$112,544,000
Dana-Farber Cancer Institute	-5.8%	13.5%	7.7%	\$54,382,000
Lahey Clinic	5.2%	4.8%	10.0%	\$77,689,000
Massachusetts Eye and Ear Infirmary	-10.9%	9.5%	-1.4%	(\$1,975,000)
Massachusetts General Hospital	2.9%	10.7%	13.6%	\$354,657,000
Mount Auburn Hospital	6.2%	4.6%	10.8%	\$28,556,000
Saint Vincent Hospital	7.2%	-0.1%	7.2%	\$20,303,000
Tufts Medical Center	-1.4%	3.0%	1.6%	\$9,007,000
UMass Memorial Medical Center	4.3%	1.1%	5.4%	\$60,298,000
Non-Teaching Hospitals	Operating Margin	Non-Op Margin	Total Margin	Profit (Loss)
Anna Jaques Hospital	1.6%	0.5%	2.1%	\$1,976,000
Athol Memorial Hospital	0.9%	0.3%	1.2%	\$251,000
Baystate Franklin Medical Center	-2.6%	1.3%	-1.4%	(\$1,075,000)
Baystate Mary Lane Hospital	-0.4%	3.0%	2.5%	\$759,000
Berkshire Medical Center	3.4%	3.8%	7.2%	\$21,530,000
Beth Israel Deaconess Hospital - Needham	1.4%	0.7%	2.0%	\$868,000
Brockton Hospital (now Signature Healthcare Brockton Hospital)				
Cape Cod Hospital	0.1%	1.6%	1.7%	\$5,951,000
Caritas Carney Hospital	-1.9%	0.2%	-1.6%	(\$1,861,000)
Caritas Good Samaritan Medical Center	4.9%	0.4%	5.4%	\$9,208,000
Caritas Holy Family Hospital and Medical Center	1.7%	0.0%	1.7%	\$2,352,000
Caritas Norwood Hospital	4.0%	1.2%	5.2%	\$8,337,000
Clinton Hospital	-0.1%	1.8%	1.7%	\$407,000
Cooley Dickinson Hospital	4.9%	0.9%	5.8%	\$8,800,000
Emerson Hospital	-5.2%	2.2%	-3.0%	(\$4,687,000)
Fairview Hospital	1.5%	2.6%	4.1%	\$1,358,000
Falmouth Hospital	3.2%	1.8%	5.0%	\$6,839,000
Faulkner Hospital	2.4%	0.2%	2.6%	\$3,977,000

Non-Teaching Hospitals	Operating Margin	Non-Op Margin	Total Margin	Profit (Loss)
Hallmark Health System, Inc.	0.4%	2.6%	3.0%	\$8,310,000
Harrington Memorial Hospital	-5.3%	8.7%	3.4%	\$2,375,000
Health Alliance Hospital	5.7%	1.1%	6.8%	\$9,693,000
Heywood Hospital	4.1%	2.1%	6.2%	\$5,259,000
Holyoke Medical Center	0.3%	0.6%	0.8%	\$961,000
Hubbard Regional Hospital	1.2%	0.4%	1.6%	\$365,000
Jordan Hospital	1.3%	1.2%	2.4%	\$4,416,000
Lawrence General Hospital	1.8%	1.1%	2.9%	\$4,590,000
Lowell General Hospital	0.9%	5.1%	6.0%	\$11,020,000
Marlborough Hospital	-0.1%	1.5%	1.3%	\$797,000
Martha's Vineyard Hospital	2.2%	3.2%	5.4%	\$2,427,000
Mercy Medical Center	-0.3%	1.4%	1.1%	\$2,237,000
Merrimack Valley Hospital	-11.5%	0.0%	-11.5%	(\$6,307,000)
MetroWest Medical Center	-2.3%	0.2%	-2.1%	(\$4,784,000)
Milford Regional Medical Center	6.0%	-0.8%	5.2%	\$8,238,000
Milton Hospital	0.3%	2.4%	2.7%	\$1,673,000
Morton Hospital and Medical Center	3.4%	0.9%	4.3%	\$5,099,000
Nantucket Cottage Hospital	-1.8%	20.0%	18.2%	\$6,878,000
Nashoba Valley Medical Center	-3.2%	0.0%	-3.2%	(\$1,404,000)
New England Baptist Hospital	2.4%	2.2%	4.5%	\$7,825,000
Newton-Wellesley Hospital	3.1%	-0.3%	2.8%	\$8,580,000
Noble Hospital	2.7%	0.3%	3.0%	\$1,556,000
North Adams Regional Hospital	1.7%	0.9%	2.7%	\$1,547,000
North Shore Medical Center	2.8%	-0.1%	2.7%	\$10,977,000
Northeast Hospital	3.4%	5.2%	8.6%	\$25,523,000
Quincy Medical Center	-3.1%	4.0%	0.8%	\$913,000
Saint Anne's Hospital	5.8%	3.1%	8.9%	\$11,716,000
Saints Medical Center	0.2%	2.2%	2.4%	\$3,352,000
Signature Healthcare Brockton Hospital	0.3%	2.5%	2.8%	\$5,399,000
South Shore Hospital	0.7%	1.8%	2.5%	\$8,394,000
Southcoast Hospitals Group	3.3%	2.2%	5.5%	\$30,970,000
Sturdy Memorial Hospital	7.7%	7.1%	14.7%	\$22,372,000
Winchester Hospital	3.0%	1.5%	4.4%	\$10,030,000
Wing Memorial Hospital and Medical Centers	0.1%	0.9%	1.0%	\$605,000

Source: DHCFP Acute hospital financial data; for more information, please visit <http://www.mass.gov/dhcfp> click on "Health Systems Analyses" then go to "Hospitals."

CHC Median Financial Margins by Fiscal Year

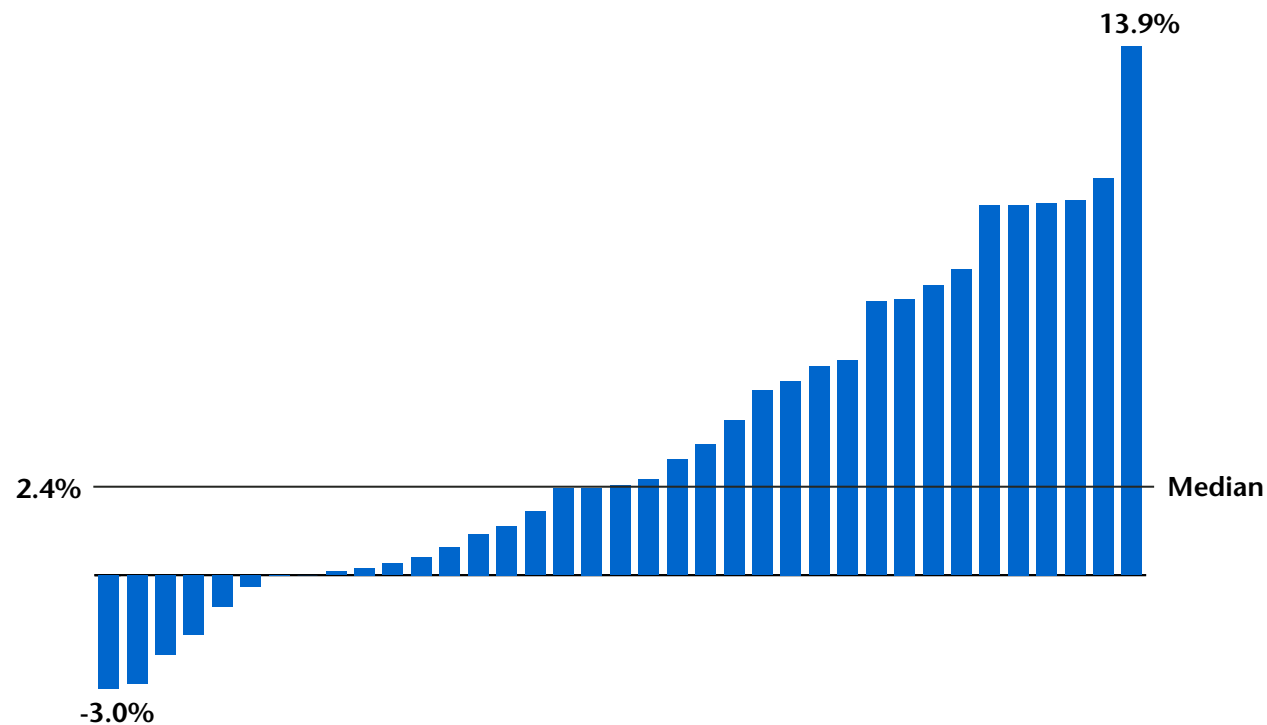


The total financial performance for community health centers (CHCs) has been positive in each of the past five years, largely due to positive non-operating margins.

Please see page 30 for community health center financial performance in calendar year 2007.

Note: Fiscal year ends (FYE) vary across CHCs: of 37 CHCs, 30 have a 6/30 FYE, 4 have a 9/30 FYE, 2 have a 12/31 FYE, and 1 has a 7/31 FYE.
Source: CHC Audited financial statements for free standing CHCs from FY03 through FY07; for FY03, FY04, FY05, FY06, FY07, 35, 34, 35, 35 and 37 CHCs, respectively, are included in this analysis.

CHC Total Margin in FY07

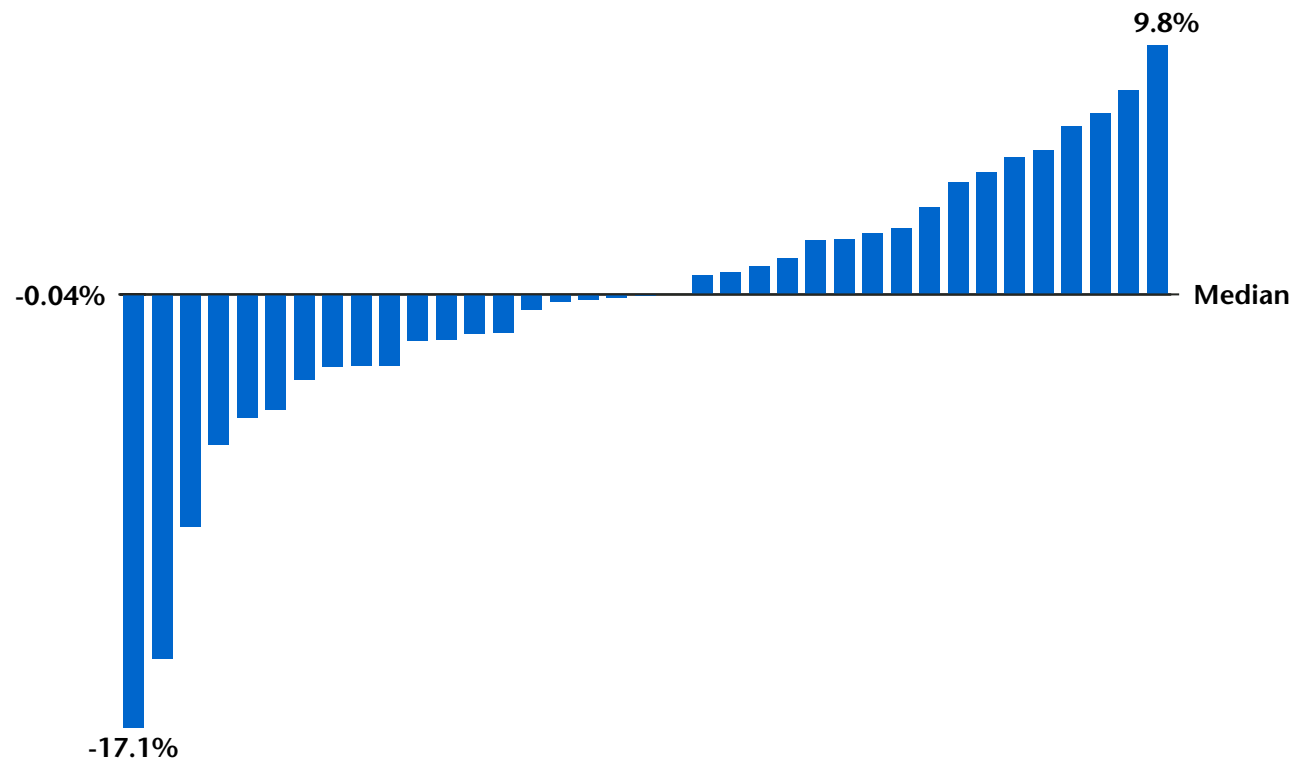


The total margin for community health centers ranged from -3% to 13.9% in their 2007 fiscal year. The majority of community health centers experienced positive total margins in their 2007 fiscal year.

Please see page 30 for community health center financial performance in calendar year 2007.

Notes: Total margin is calculated by dividing total income by total revenue. Fiscal year ends (FYE) vary across CHCs: of 37 CHCs, 30 have a 6/30 FYE, 4 have a 9/30 FYE, 2 have a 12/31 FYE, and 1 has a 7/31 FYE.
Source: CHC Audited financial statements for 37 free standing CHCs in FY07.

CHC Operating Margin in FY07

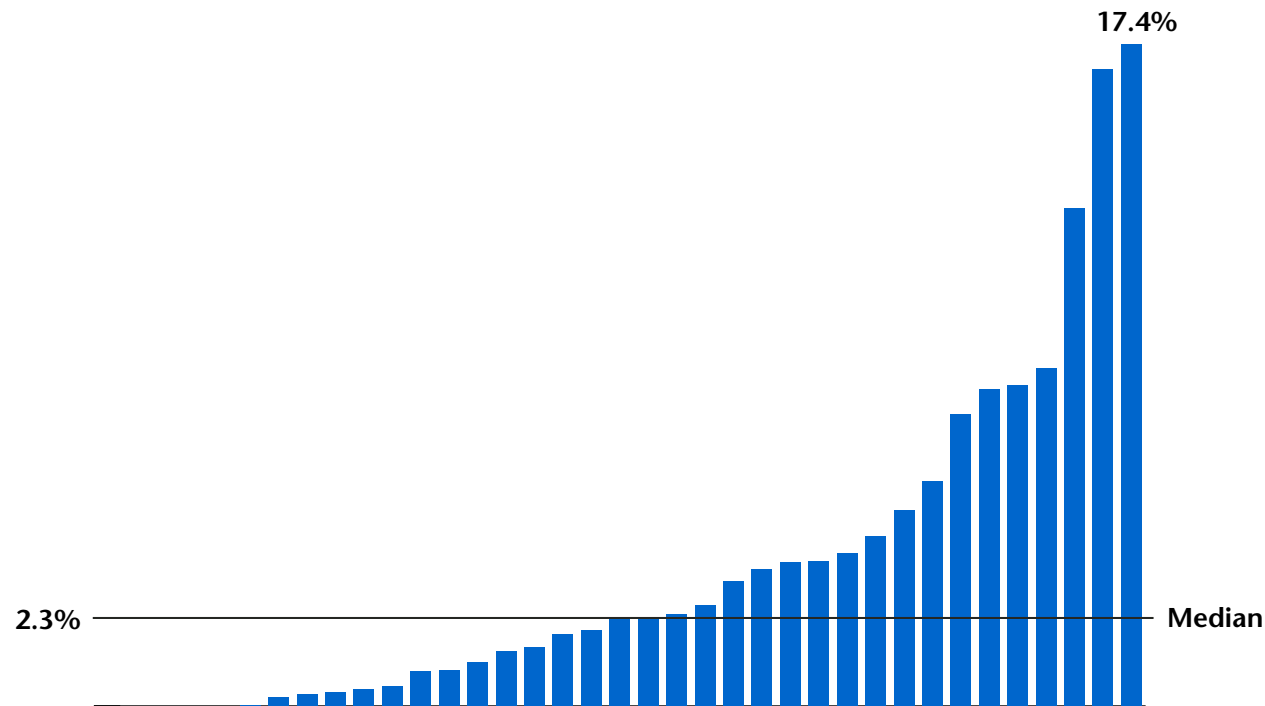


Operating margins for community health centers ranged from -17.1% to 9.8% in their 2007 fiscal year. Just over one-half of community health centers experienced positive operating margins, while just under one-half lost money on operations.

Please see page 30 for community health center financial performance in calendar year 2007.

Notes: Operating margin is calculated by dividing operating income by total revenue. Fiscal year ends (FYE) vary across CHCs: of 37 CHCs, 30 have a 6/30 FYE, 4 have a 9/30 FYE, 2 have a 12/31, and 1 has a 7/31 FYE.
Source: CHC Audited financial statements for 37 free standing CHCs in FY07.

CHC Non-Operating Margin in FY07



Non-operating margins for community health centers ranged from 0% to 17.4% in their 2007 fiscal year.

Please see page 30 for community health center financial performance in calendar year 2007.

Notes: Non-operating margin is calculated by dividing non-operating income by total revenue. Fiscal year ends (FYE) vary across CHCs: of 37 CHCs, 30 have a 6/30 FYE, 4 have a 9/30 FYE, 2 have a 12/31, and 1 has a 7/31 FYE.
Source: CHC Audited financial statements for 37 free standing CHCs in FY07.

Community Health Center Financial Performance

in FY07

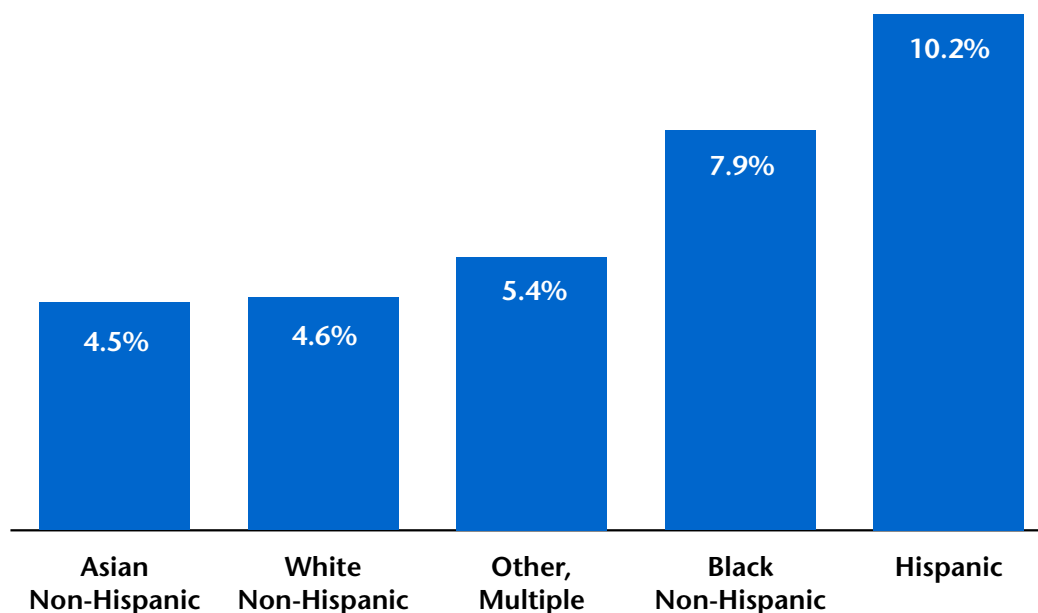
Community Health Centers	Operating Margin	Non-Op Margin	Total Margin	Profit (Loss)
Boston Health Care for the Homeless Program	2.4%	2.7%	5.1%	\$1,172,000
Brockton Neighborhood Health Center	6.6%	0.5%	7.2%	\$723,000
Caring Health Center, Inc.	7.2%	0.5%	7.6%	\$830,000
CHP Health Center	5.7%	4.0%	9.7%	\$352,000
Community Health Center of Cape Cod	-14.3%	17.4%	3.0%	\$84,000
Community Health Center of Franklin County, Inc.	-0.3%	5.9%	5.6%	\$262,000
Community Health Connections Family Health Center	2.2%	3.3%	5.5%	\$572,000
Community HealthLink	0.0%	0.0%	0.0%	\$1,000
Dimock Community Health Center	-9.2%	8.3%	-0.8%	(\$230,000)
Duffy Health Center	-4.5%	1.6%	-3.0%	(\$77,000)
Family Health Center of Worcester	0.7%	0.3%	1.1%	\$221,000
Fenway Community Health Center	0.9%	8.9%	9.8%	\$2,376,000
Great Brook Valley Health Center	-0.1%	0.2%	0.1%	\$22,000
Greater Lawrence Family Health Center, Inc.	9.8%	0.0%	9.8%	\$3,202,000
Greater New Bedford Community Health Center, Inc.	-1.5%	3.8%	2.3%	\$278,000
Harbor Health Services, Inc.	2.6%	1.5%	4.1%	\$1,391,000
Harvard Street Neighborhood Health Center	0.0%	0.0%	0.0%	(\$1,000)
HealthFirst Family Care Center, Inc.	1.1%	1.2%	2.3%	\$99,000
Hilltown Community Health Centers, Inc.	-2.8%	7.7%	4.8%	\$252,000

Community Health Centers	Operating Margin	Non-Op Margin	Total Margin	Profit (Loss)
Holyoke Health Center, Inc.	-0.2%	1.0%	0.7%	\$119,000
Island Health Care	4.8%	2.4%	7.2%	\$68,000
Joseph M. Smith Community Health Center	-0.6%	1.9%	1.3%	\$117,000
Lowell Community Health Center	2.1%	0.4%	2.5%	\$403,000
Lynn Community Health Center	1.4%	0.9%	2.3%	\$587,000
Manet Community Health Center, Inc. at North Quincy	-1.8%	2.0%	0.2%	\$15,000
Mattapan Community Health Center	-17.1%	16.7%	-0.3%	(\$17,000)
North End Community Health Center	-5.9%	3.8%	-2.1%	(\$177,000)
North Shore Community Health, Inc.	8.1%	2.3%	10.4%	\$512,000
Outer Cape Health Services, Inc.	-2.8%	4.5%	1.7%	\$105,000
River Valley Counseling Center	3.4%	0.0%	3.4%	\$193,000
Roxbury Comprehensive Community Health Center, Inc.	-1.6%	0.0%	-1.6%	(\$142,000)
Sidney Borum, Jr. Health Center	-2.8%	0.0%	-2.8%	(\$58,000)
South Cove Community Health Center	5.4%	8.5%	13.9%	\$2,879,000
South End Community Health Center	-4.9%	5.2%	0.3%	\$24,000
SSTAR Family Healthcare Center	-1.8%	2.3%	0.5%	\$62,000
Upham's Corner Health Center	4.4%	3.6%	8.0%	\$1,816,000
Whittier Street Health Center	-3.4%	13.1%	9.7%	\$1,014,000

Source: CHC Audited financial statements for 37 free standing CHCs in FY07.

Uninsured by Race and Ethnicity

Percent of All Massachusetts Residents, 2007

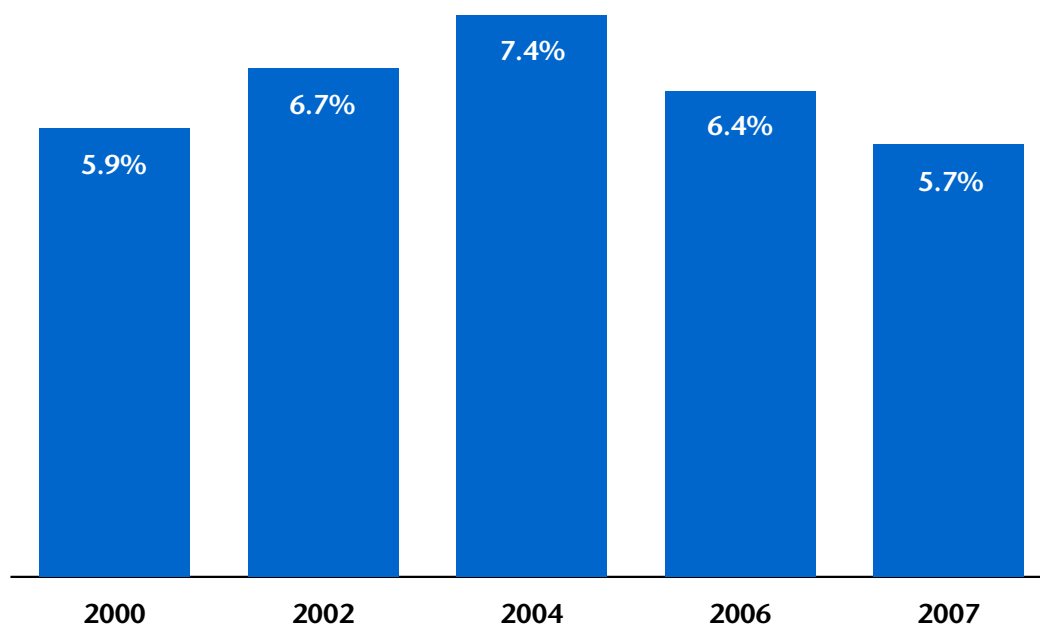


In 2007, 5.7% of all Massachusetts residents did not have health insurance. However, Hispanics and Black Non-Hispanic residents have higher rates of uninsurance when compared to other races and ethnicities.

Source: DHCFP Household Survey for 2007 conducted January through July of 2007.

Don't Have Health Insurance

Percent of All Massachusetts Residents

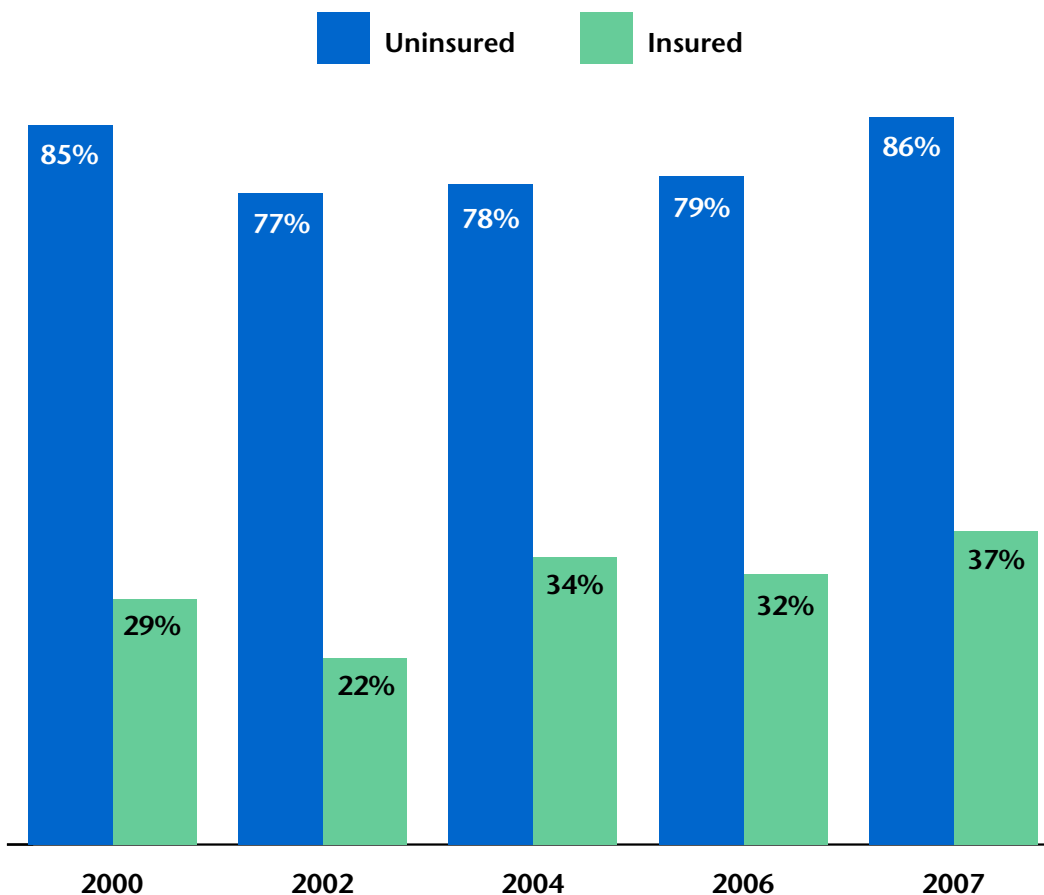


The overall uninsured rate for Massachusetts dropped from 6.4% in 2006 to 5.7% in 2007, and the number of people without coverage fell from 395,000 to 355,000, a 10% decrease reflecting the successful early implementation of health reform.

Sources: DHCFP Household Survey for 2000, 2002, 2004, 2006, and 2007; surveys from 2000 through 2006 conducted February through June of the survey year; survey for 2007 conducted January through July of 2007.

Needed Care but Cost Was an Obstacle

Percent of Adults Ages 19 to 64

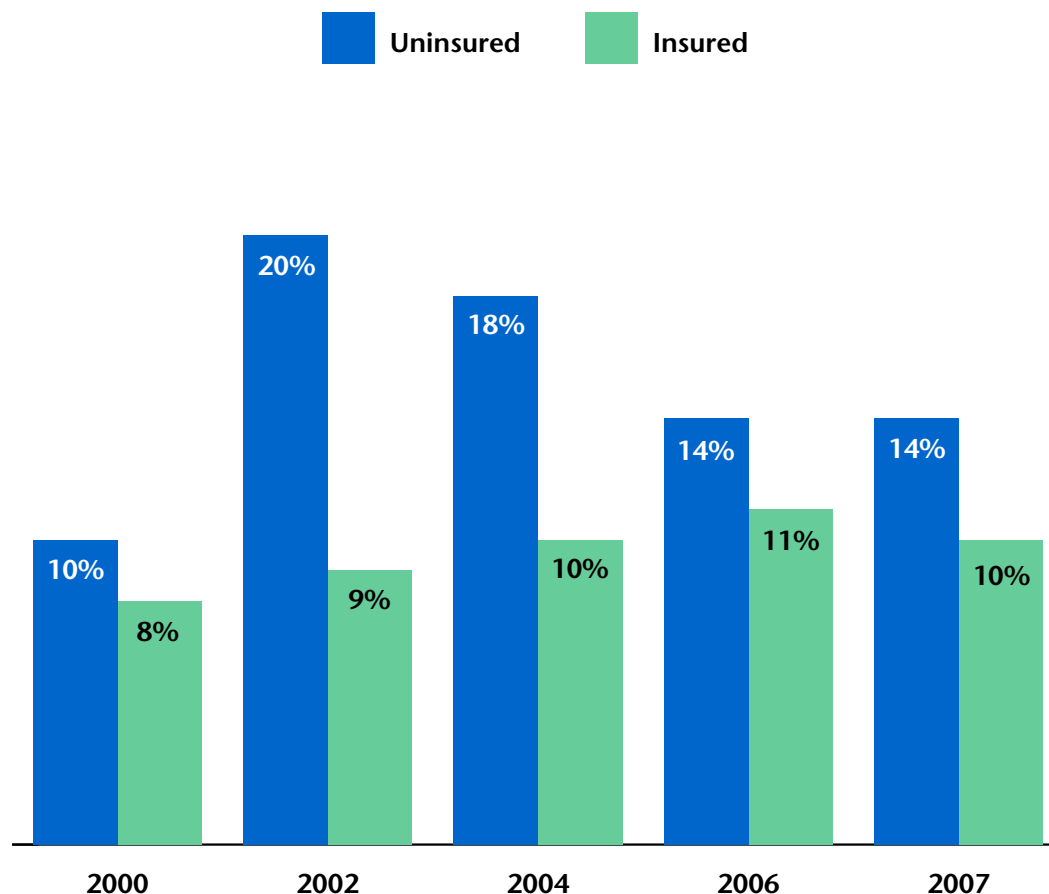


Cost appears to be a growing obstacle to accessing health care for Massachusetts residents and remains a significant barrier for most people without health coverage.

Source: DHCFP Household Survey for 2000, 2002, 2004, 2006, and 2007. The surveys from 2000 through 2006 are conducted from February through June of the survey years. The 2007 survey was conducted from January through July of the survey year.

Reported Being in Fair or Poor Health

Percent of Adults Ages 19 to 64

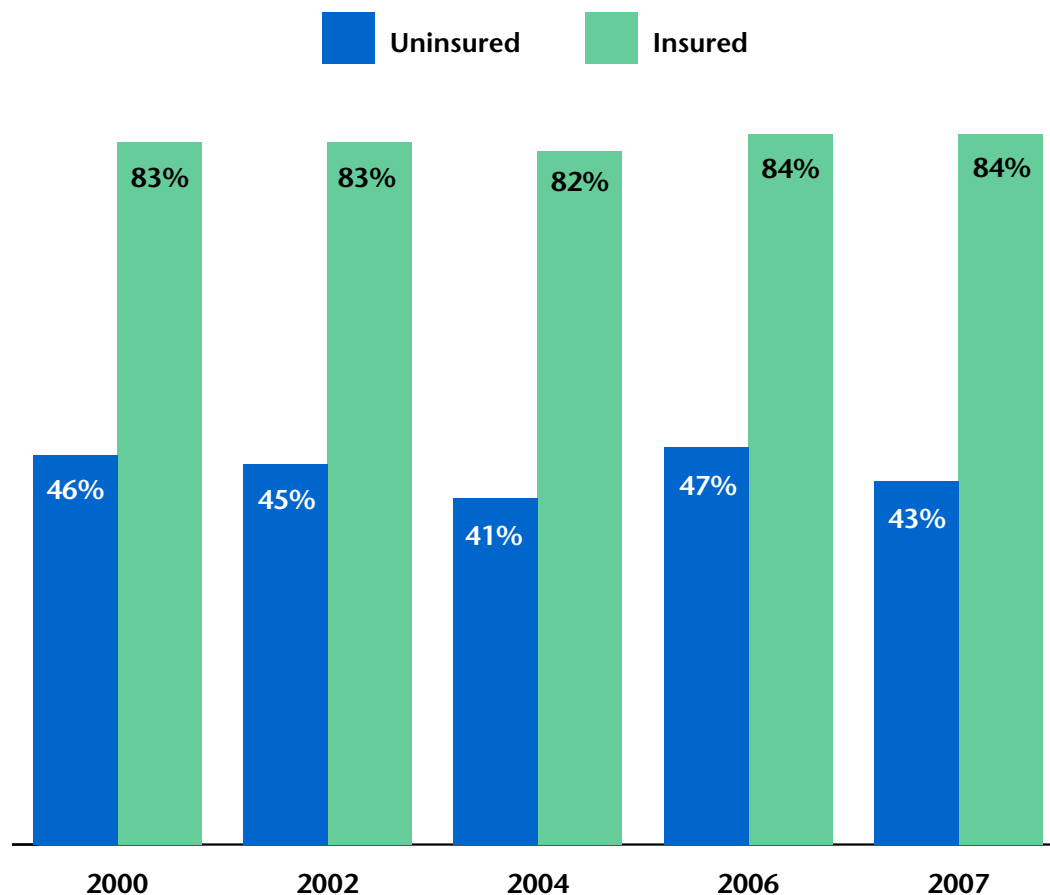


Most Massachusetts residents surveyed, both insured and uninsured, reported being in good or excellent health.

Note: The differences between insured and uninsured residents are statistically significant for 2002, 2004, and 2007.

Source: DHCFP Household Survey for 2000, 2002, 2004, 2006, and 2007. The surveys from 2000 through 2006 are conducted from February through June of the survey years. The 2007 survey was conducted from January through July of the survey year.

Reported Having a Dental Visit in the Past Year, Percent of Adults Ages 19 to 64

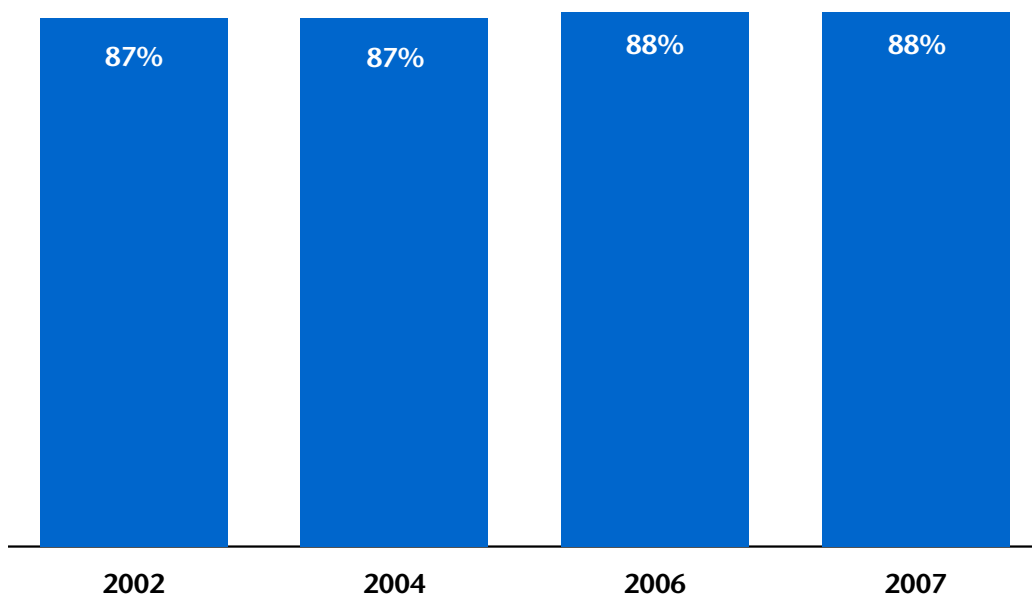


Only 43% of uninsured Massachusetts residents reported getting dental care in the past year compared to 84% of those with insurance coverage.

Source: DHCFP Household Survey for 2000, 2002, 2004, 2006, and 2007. The surveys from 2000 through 2006 were conducted from February through June of the survey years. The 2007 survey was conducted from January through July of the survey year.

Have a Personal Care Provider

Percent of Adults Ages 18+



Percent of adults ages 18+ by race/ethnicity (95% confidence interval):

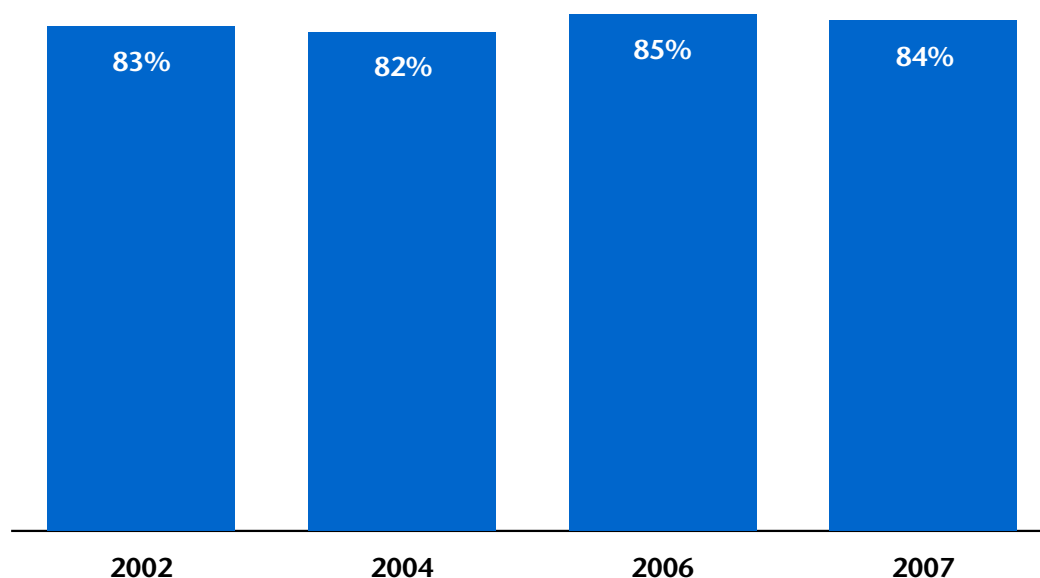
White	89% (88% - 90%)	89% (87% - 90%)	89% (88% - 90%)	90% (90% - 91%)
Black	82% (77% - 88%)	90% (85% - 94%)	89% (85% - 92%)	84% (80% - 87%)
Hispanic	75% (69% - 80%)	75% (71% - 79%)	75% (71% - 79%)	76% (72% - 80%)
Asian	79% (70% - 88%)	88% (84% - 93%)	83% (76% - 90%)	86% (82% - 91%)

Note: Percentages are age adjusted to 2000 US population.

Source: Behavioral Risk Factor Surveillance System (BRFSS) for 2002, 2004, 2006 and 2007; Massachusetts Department of Public Health (DPH), Health Survey Program, Bureau of Health Statistics. The BRFSS is an annual survey conducted throughout the year.

The vast majority of Massachusetts residents surveyed reported having a personal health care provider, a percentage that increased slightly in 2007 for all racial groups. However, a significantly lower percentage of blacks, Hispanics and Asians reported having a personal health care provider compared to whites.

Had a Mammogram in the Past 2 Years, Percent of Women Ages 40+



Percent of women ages 40+ by race/ethnicity (95% confidence interval):

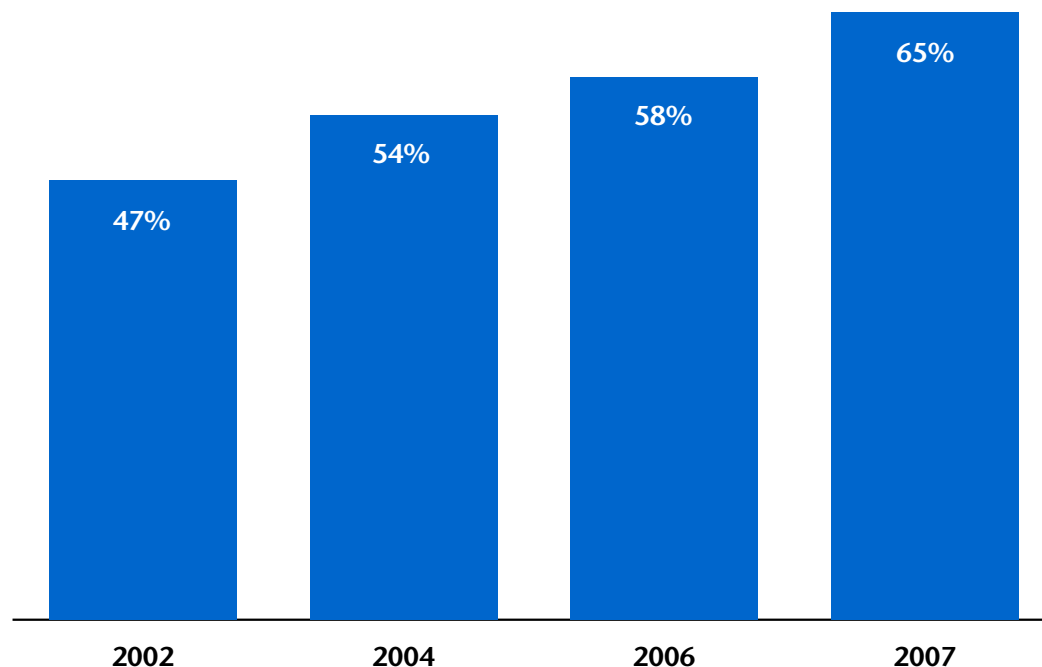
White	83% (81% - 85%)	82% (80% - 84%)	85% (84% - 87%)	84% (82% - 86%)
Black	81% (70% - 92%)	82% (70% - 93%)	82% (74% - 90%)	82% (72% - 92%)
Hispanic	87% (82% - 93%)	90% (85% - 94%)	88% (84% - 92%)	83% (73% - 93%)
Asian	Insufficient Data	Insufficient Data	Insufficient Data	Insufficient Data

Note: Percentages are age adjusted to 2000 US population.

Source: Behavioral Risk Factor Surveillance System (BRFSS) for 2002, 2004, 2006 and 2007; Massachusetts Department of Public Health (DPH), Health Survey Program, Bureau of Health Statistics. The BRFSS is an annual survey conducted throughout the year.

Most Massachusetts female residents ages 40 and older reported having a mammogram to screen for breast cancer.

Had a Sigmoidoscopy or Colonoscopy in the Past 5 Years, Percent of Adults Ages 50+



Percent of adults ages 50+ by race/ethnicity (95% confidence interval):

White	47% (45% - 49%)	54% (52% - 57%)	58% (56% - 60%)	65% (62% - 67%)
Black	47% (32% - 62%)	51% (40% - 63%)	62% (53% - 71%)	73% (61% - 85%)
Hispanic	44% (35% - 54%)	51% (42% - 61%)	52% (42% - 61%)	54% (42% - 66%)
Asian	Insufficient Data	Insufficient Data	Insufficient Data	Insufficient Data

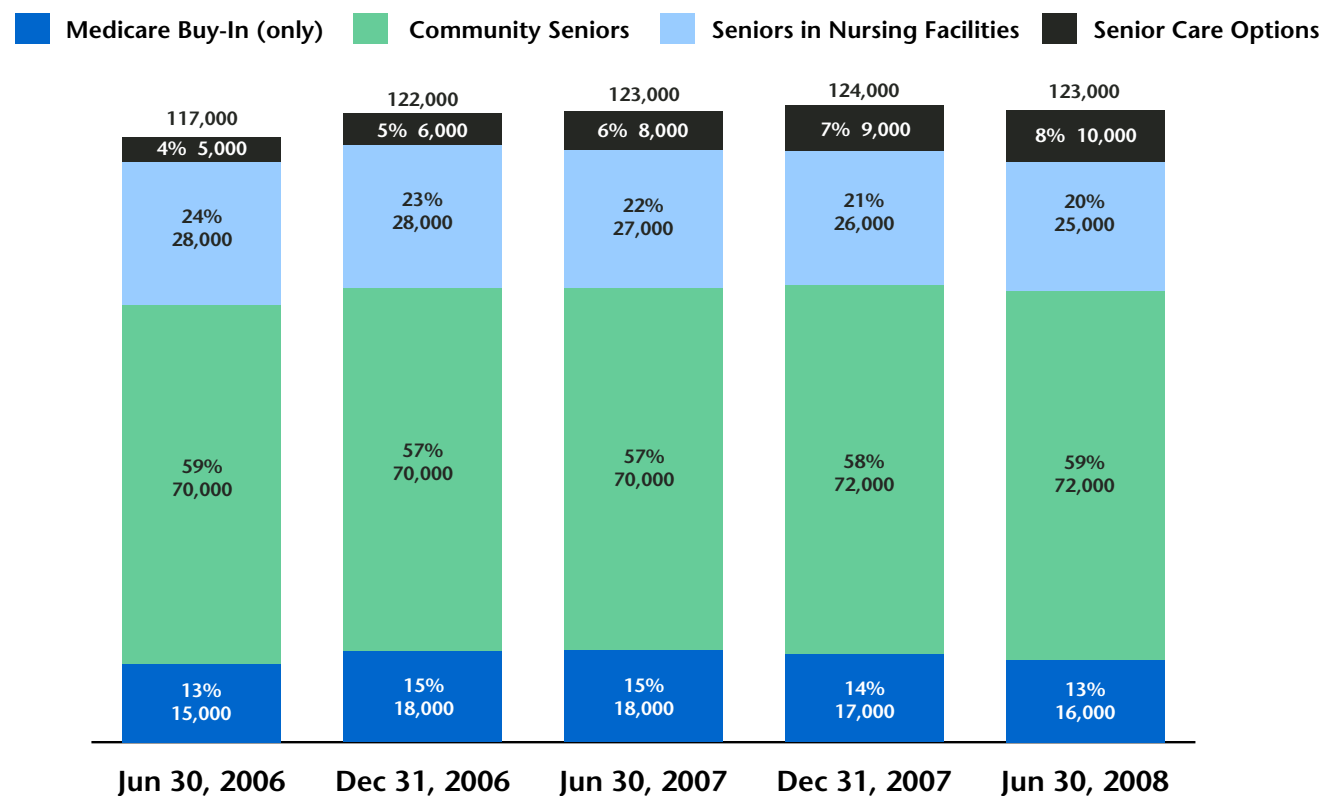
Note: Percentages are age adjusted to 2000 US population.

Source: Behavioral Risk Factor Surveillance System (BRFSS) for 2002, 2004, 2006 and 2007; Massachusetts Department of Public Health (DPH), Health Survey Program, Bureau of Health Statistics. The BRFSS is an annual survey conducted throughout the year.

The number of Massachusetts residents ages 50 and older that reported having a sigmoidoscopy or colonoscopy to screen for colorectal cancer has increased significantly since 2002.

MassHealth Members

Ages 65 and Older



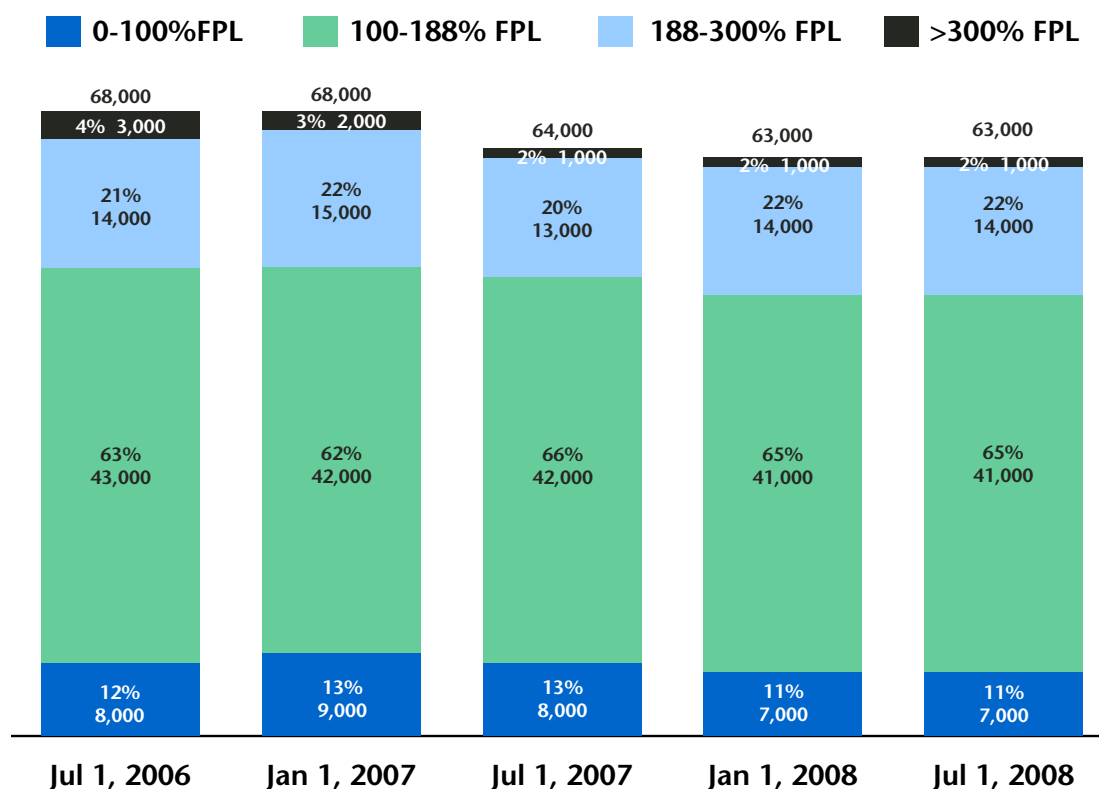
Since June 30, 2006, the number of seniors with MassHealth coverage residing in nursing facilities has declined by approximately 3,000.

The number of Senior Care Options (SCO) enrollees has increased by approximately 5,000 in this same period.

Notes: SCO enrollment includes approximately 1,800 members who are permanent residents of nursing facilities. Numbers rounded to the nearest thousand. Percents may not sum to 100% due to rounding.

Source: MassHealth Monthly Enrollment Snapshot Report as of June 2008.

Enrollment in Prescription Advantage for Seniors (ages 65 and older) by Percent of FPL



Approximately 7% of Massachusetts residents ages 65 and older are enrolled in Prescription Advantage.

Three-quarters of those enrolled have incomes below 188% of the federal poverty level.

Enrollment declined after Medicare Part D was implemented in January 2006, but has held steady since continuous open enrollment became available in August 2007.

Notes: Numbers rounded to the nearest thousand. Percents may not sum to 100% due to rounding.

Source: Massachusetts Executive Office of Elder Affairs; US Census estimates from July 1, 2007 used to calculate the percent of Massachusetts residents ages 65 and older enrolled in Prescription Advantage.

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